



**USAID**  
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# **USAID'S BUSINESS ENABLING PROJECT**

**QUARTERLY REPORT: FOURTH QUARTER 2012**

**January 9, 2013**

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# **USAID'S BUSINESS ENABLING PROJECT**

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Cardno Emerging Markets USA, Ltd.

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## 1. PROJECT OVERVIEW

USAID's Business Enabling Project, implemented by Cardno Emerging Markets USA, is a five-year initiative launched in January 2011. The purpose of the Project is to help the Government of Serbia (GoS) improve the competitiveness of the Serbian economy and its private sector businesses. The Project provides technical assistance, training, and other support to improve the business enabling environment, maintain macroeconomic stability, and further develop financial markets. The Project is demand driven: all activities are based on the priorities of the private sector and GoS.

The Business Enabling Project (BEP) consists of three major components:

- **Component 1, Business Regulation and Economic Governance**, will streamline laws, regulations, and institutions; improve regulators' capacity to implement laws; and improve analysis and public-private dialogue.
- **Component 2, Macroeconomic Policy and Public Financial Management**, will help the Government implement new budget and fiscal responsibility laws, improve budgeting, increase public disclosure and transparency, strengthen public debt management, and improve economic analysis and forecasting.
- **Component 3, Financial Market Development**, will improve regulatory frameworks for non-bank institutions, develop capacity to strengthen and expand capital markets, and improve conditions for debt market development.

The project's approach to achieving reforms is to help the GoS work closely with the private sector and outside experts to make reforms that improve business competitiveness. The reforms will reduce the time and money spent by Serbian businesses to comply with laws and regulations and will help the GoS to be more efficient. The reforms will also enable businesses to attract necessary investment at an appropriate cost. As result, Serbian businesses will have a better chance to be competitive in the global economy, leading to export-led economic growth and increased employment.

BEP uses an 18 person staff (16 Serbians, two expatriates), substantial Serbian and expatriate short term advisors, and a grants fund to provide technical assistance to GoS and other counterparts.

### GoS Partners

BEP entered into Joint Work Plans with the following GoS institutions:

- General Secretariat of the Government
- Ministry of Agriculture, Forestry and Water Management
- Ministry of Construction and Urbanism
- Ministry of Finance and Economy
- Ministry of Labor, Employment and Social Policy
- Ministry of Justice and Public Administration
- Office for Regulatory Reform and Regulatory Impact Assessment
- Securities Commission
- Fiscal Council (independent body)

The Project's Second Year Work Plan was approved by USAID on March 27, 2012.

## 2. HIGHLIGHTS DURING THE REPORTING PERIOD

This report covers the seventh quarter of BEP's operation – October 1 to December 31, 2012. Noteworthy activities during the period were:

- BEP's Second Business Survey, released on November 1, provided a great deal of insight into the composition of Serbia's private sector and the regulatory, legal, and policy barriers it currently faces. The Survey showed some important improvements in areas in which BEP has been providing assistance, including:
  - Average inspection time cut by more than 50% and average money spent cut by 22%
  - Time to obtain construction permit cut by more than 37%
  - Positive sentiment towards inspection oversight increased by more than 42%
  - More than 27% decrease in respondents claiming that corruption is highly problematic for business.

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This year's findings witnessed a fairly significant decline in business owners' optimism regarding hiring, net income, and new product lines. The Survey also demonstrated the biggest problems that companies in Serbia face:

- Inflation and exchange rate volatility
  - Poor access to finance
  - Extremely cumbersome construction permit process
  - Ineffective judgment enforcement system
  - Cumbersome and expensive inspection process
  - Limited market access Underutilization of fixed-term employment contracts.
- After a thorough consultative process with the Inspection Reform Leadership Group (consisting of heads and other senior officials of the individual inspectorates), BEP prepared a Draft Law on Inspections. The Draft Law was then reviewed, improved and approved during two discussions by the Inspection Reform Leadership Group. The Draft incorporates best international regulations and practice and lessons learned in a way that is consistent with the Serbian legal framework. BEP also organized a study tour to London, UK, to provide key Serbian policymakers with the understanding they need to develop inspections reforms. The participants attended the International Conference "Inspection Reform – The Change That Matters."
  - The Ministry of Health and the Republic of Serbia Fund for Health Insurance accepted the initiative of BEP and the National Alliance for Local Economic Development (NALED), to reduce administrative requirements for sick and pregnancy leave. The Republic Fund for Health Insurance issued an instruction to its field offices that provides a simplified procedure related to sick leave that exceeds more than 30 days. The instruction cuts the number of documents required from 11 to only four. The new procedure was immediately applied. This instruction stems from USAID BEP's Standard Cost Model Study, which indicates that red tape related to pregnancy leave costs the Serbian economy around 690 million RSD annually. The initiative was backed up with an outreach campaign, including the "Pregnant Women vs. System" video, also supported by USAID BEP as part of the USAID BEP and NALED "Ask When" campaign.
  - BEP provided advisory assistance to the Fiscal Council to prepare two reports: the Assessment of the Proposed Budget for 2013 and the Assessment of the 2013-2015 Fiscal Strategy. The reports outline the risks and shortcomings of the latest budget proposal and mid-term fiscal strategies to curb spending and improve public finances. With BEP's assistance, the Fiscal Council was able to carry out extensive economic analysis of the program for public debt reduction and the effects of corporate income tax law changes, as well as edit both reports for analytical content in their entirety. These reports were released at a press conference on November 13, 2012, and have received extensive media coverage. They are already shaping the course of the Government's actions. The new Government has already implemented a series of previous recommendations outlined in analyses published by the Fiscal Council (supported by BEP), including an increase in VAT and corporate income tax, and a freeze on pensions and public sector salaries.
  - BEP released its White Paper on Financing the Growth of Small and Medium Enterprises (SMEs) in Serbia. The key findings and recommendations include the needs to strengthen credit enforcement, increase financing options for SMEs, and improve collaboration between businesses, financial institutions, and the Government. The White Paper and exhaustive study that accompanies it also demonstrate that poor access to finance and its impact on SME growth may have serious implications for Serbian economic recovery and growth. The event to release the White Paper was opened by HE Michael D. Kirby, US Ambassador to Serbia, and Mr Vljeko Senic, State Secretary at the Ministry of Finance and Economy, and was attended by more than 100 invitees from the Government of Serbia and private sector, as well as experts. Mr Senic said the GoS will cooperate with BEP in the future on the implementation of suggested recommendations, and subsequently BEP and the MoFE have developed a joint strategy to implement the recommendations.

### 3. REVIEW OF PROJECT PROGRESS

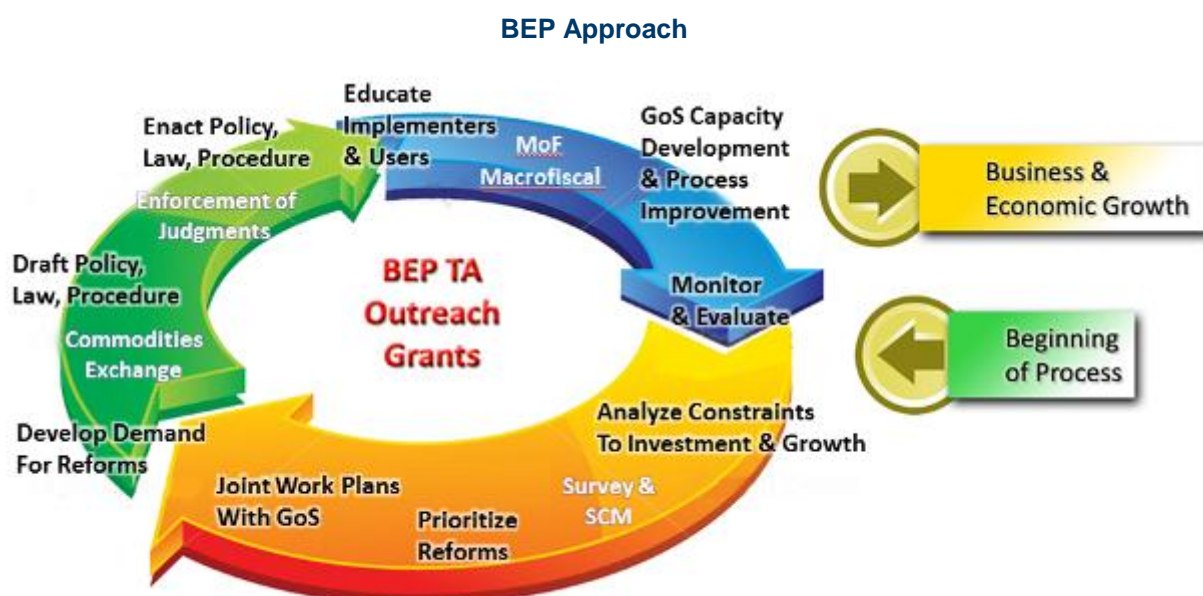
BEP is accomplishing all aspects of its Work Plan, with all planned activities accomplished. PMP indicators are being met or exceeded. BEP is a key player in reforms in the areas of business regulation and economic governance, public financial management, and financial market development.

BEP prepared carefully for the new Government that took office in July 2012. BEP had studies and roadmaps ready for all technical areas we work in and conducted substantial outreach and advocacy to create pressure for reform and build the new Government's interest in the reforms. This preparation has paid off, as the GoS has requested BEP assistance in nearly all Task areas of the project, and in most areas the Government has asked BEP to take a leadership role. For example, the GoS has asked BEP to lead public-private dialogue and legislative drafting in construction permits, labor law, and access to finance. BEP is co-leading several legal and institutional reforms with the GoS, including program budgeting, public debt management, inspections, and public-private partnerships.

BEP has helped with, and in some cases led, establishment of reform coalitions that continue to constructively push for reforms. For example, the Inspections Leadership Group organized by BEP has agreed on a strategy on inspections reform and a draft law. BEP is working actively with coalitions of business associations in almost every BEP Task.

BEP has already achieved significant results. After the BEP Standard Cost Model analysis and the BEP/NALED "Ask When" television spot on the burdensome regulations relating to maternity leave, the Ministry of Health asked BEP and NALED to help reform the regulations, leading to a reduction of procedures from 11 to four. BEP has helped eliminate most of the contentious issues between labor unions and employers relating to Labor Law reforms. 138 para-fiscal charges were eliminated and public institutions' ability to introduce new para-fiscal charges was limited. The GoS has committed to implement BEP's recommendations in the areas of construction permitting, program budgeting, and SME access to finance.

This success demonstrates the utility of BEP's approach to reforms, which includes intensive analysis and outreach at the outset of each Task, followed by close engagement with government and other stakeholders to plan, implement, and monitor reforms.



BEP is positioned to achieve tremendous results in 2013. The reforms that the GoS has committed to – and which BEP will work on – will be transformational for the business environment.

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## Administrative and General Activities

**BEP completed and released its 2013 Survey of Businesses.** On November 1, at the Metropol Palace Hotel, BEP released the Second Business Survey, providing comparative data for the GoS, USAID, and business associations on where progress was made and where improvements are much needed. The event was opened by HE Michael D. Kirby, US Ambassador to Serbia, and Mr. Vlado Senic, State Secretary at the Ministry of Finance and Economy, and was attended by more than 100 invitees from relevant ministries and associations, as well as by opinion- and policy-makers. The event underlined the Serbian Government's commitment to improving business competitiveness and its readiness to engage with USAID to ensure reforms are followed through. Mr. Senic said the findings of the Survey would be used in the future by the GoS as a tool for measuring the progress of reforms. The event received vast media coverage, resulting in more than 40 media reports so far.

The Survey provided a great deal of insight into the composition of Serbia's private sector and the number of regulatory, legal, and policy barriers it currently faces. The Survey Report (<http://www.policycafe.rs/documents/loop/Serbia%20Business%20Survey%20Report%202012.pdf>) comprehensively details all of these issues, but nine areas merit attention, especially given the current macroeconomic context. They are the following:

- Widespread concern about inflation and exchange rate volatility – Companies were asked what factors most affected the competitiveness of their business, and the top two concerns cited were inflation (90 percent) and exchange rate volatility (85 percent).
- Declines in optimism and expectations – This year's findings witnessed a fairly significant decline in business owners' optimism regarding hiring, net income, and new product lines.
- Poor access to finance – Serbian businesses face significant obstacles in obtaining necessary capital to grow and create jobs.
- Extremely cumbersome construction permit process – BEP's survey corroborates the abysmal findings of the "Doing Business 2013" report, which ranked Serbia as the 179<sup>th</sup> (out of 185) most difficult country to obtain a construction permit.\* Our survey similarly found that 92 percent of respondents who require construction permits found obtaining one highly problematic and riddled with difficulty.
- Ineffective judgment enforcement system – 80 percent of respondents held negative views towards the system. This is a slight improvement from the 86 percent holding negative views in 2011, but much still needs to be done to improve this area's performance, since 55 percent of respondents stated that it took them over a year to complete enforcement.
- Negative effects of corruption – As mentioned previously, the WEF found that corruption was the second most problematic factor for doing business in Serbia. Our findings largely confirm these results, although there has been some improvement in the past year.
- Cumbersome and expensive inspection process – Since last year, considerable progress has been made in reducing the time and costs involved with inspections. For instance, the amount of time spent on dealing with inspections was cut by 52 percent while the amount of money spent was reduced by 22 percent.
- Limited market access – Of the companies surveyed, 70.7 percent of them restricted their business operations to their hometown market

### BEP's Impact: 2012 vs. 2011

There were **notable improvements** in some of the areas in which **USAID BEP** has been providing assistance:

Average inspection time cut by more than 50% and average money spent cut by 22%

Time to obtain construction permit cut by more than 37%

Positive sentiment towards inspection oversight increased by more than 42%

More than 27% decrease in respondents claiming that corruption is highly problematic for business

Respondents claiming it takes more than a year to enforce judgments fell by nearly 12%



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while 22.7 percent sold their goods or services in regional and national markets. Most surprisingly, a mere 6.6 percent of surveyed companies reported that they had exported to other countries.

- **Underutilization of fixed-term contracts** – The current economic downturn necessitates that businesses, especially capital-poor SMEs, have high flexibility in planning for the short- to medium-term future. Despite the need for SMEs to have great flexibility in deploying resources, particularly during the current economic downturn, businesses continue to under-utilize fixed-term contracts, which would make it far easier for them to commit to hiring new staff members.

**USAID and BEP Discussed 2013 Technical Assistance with Minister of Finance and Economy Mladjen Dinkic,** At the meeting, held at the Ministry of Finance and Economy (MoFE) on December 18, 2012, Susan Kutor, USAID Serbia Director of Economic Growth, along with BEP and USAID staff, discussed the current and future cooperation with the MoFE with Minister Mladjan Dinkic, and members of his staff. The participants discussed the on-going cooperation with the MoFE (Para-fiscal charges, Late Payment Law, Factoring Law, Program budgeting, SMEs access to finance). BEP presented the areas identified as priorities for future reform efforts, where BEP can offer technical assistance and support in 2013: Program Budgeting; State Aid; Access to Finance for SMEs (in particular NBFIs development, Coordination and Participation in Inter-ministerial Working Group, Collateral and other regulatory framework reform, and Enforcement of Debts Improvement); Construction permits; Para-fiscal Charges, and Inspections Reform. Minister Dinkic underlined the priority areas of future cooperation, as defined by the MoFE: 1) Program budgeting; 2) Finalizing the Para-fiscal charges reform; and 3) Construction Permits Reform; 4) Inspections reform; 5) Enforcement of debts; and 6) Access to finance for SMEs. Minister Dinkic expressed his and the Ministry's satisfaction with the past and present co-operation with BEP, and his willingness to continue joint efforts in improving Serbian business environment.

**BEP's first set of interns completed their internships and a second set of interns was selected.** The project's four interns had very successful internships, including useful research and analysis on important reform issues. The interns completed a BEP training program and participated in external trainings, seminars and workshops. The interns made substantive contributions to BEP's success, including important research and analysis in the areas of labor law reform and access to finance. BEP has selected four new interns, who will begin work on the project in January 2013.

**BEP completed its training to improve public administration and implementation of legislation.** BEP's Chief of Party and Deputy Chief of Party conducted the third and final training of GoS management in "Managing Implementation of Laws and Regulations." The training program was conducted in cooperation with the GoS Human Resources Management Service (SUK). The two-day training event for 16 civil servants from 11 GoS ministries and regulatory bodies included presentations and facilitated discussions and exercises on managing implementation of legislation, with case studies, workshops and discussions. Training topics included the drafting process, consultations with stakeholders, adoption procedure, monitoring and evaluation of legislation. The participants evaluated the training with excellent marks.

## **Component 1**

### **BEP undertook three activities that cover multiple Component 1 Tasks:**

At the Ministry of Finance and Economy's (MFE) request, BEP provided input for the development of the IPA 2014 Sectoral Fiche for Private Sector Development. This request for a USAID project to be the leading contributor in conceptualizing an important segment of EU assistance in Serbia is another recognition of BEP's unique expertise in this area. BEP's helped the MFE identify areas that should be addressed under the umbrella of business environment. The focus will be mainly on the areas that are covered by the Doing Business Report, BEP's priorities, and other issues underlined as priority areas in BEP's Business Survey and other analyses. BEP will also provide detailed



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diagnostics and analysis of the sectors related to business environment improvement in the areas the Project is covering. BEP and the MFE plan to produce a concrete Action Plan/Road Map of the areas that need urgent improvement, together with the concrete recommendations as to how to achieve them. The Ministry will also propose an inter-ministerial mechanism for coordinating this process. This process will result in helping European Union technical assistance for business environment reform being tailored to meet country's real business and developmental needs.

AmCham and BEP organized a conference on business regulations following the first 100 days of the new Government's term. The key speaker was Prime Minister Ivica Dacic, who was also part of the panel discussion. Other panelists included Velimir Ilic, Minister of Construction and Urban Planning, Milica Basic, Advisor to the Minister of Finance and Economy, and representatives of business associations. The conference focused on the Government's priorities in regulatory reforms, and the Government officials committed to labor law reform to decrease unemployment and increase competitiveness to be accomplished in 2013; and amendments to the Law on Planning and Construction to make construction permitting more efficient, to be made in the first half of 2013. The Conference followed a series of consultative meetings AmCham organized with business associations and Government representatives regarding their commitment to reforms in three areas: para-fiscal charges, construction permitting, and employment regulations. The Conference represented a unique opportunity for businesses to speak with one voice and obtain commitment from the Government on the three key policy areas. The conference and related activities were conducted under a BEP grant to AmCham aimed at achieving policy and regulatory change in para-fiscal charges, construction permitting, and employment regulations.

BEP supported NALED's *Grey Book*. The *Grey Book* and Reformers of the Year Awards were presented at an event attended by the Deputy US Ambassador Mr. Litzenberger, World Bank Country Manager Mr. Brefort, and the Chairman of NALED's Managing Board, Vladimir Cupic, as well as senior representatives of central and local governments and business leaders. This edition of its *Grey Book* – the fifth annual list of proposals for removal of regulatory and administrative impediments for doing business in Serbia – was supported by BEP and contains 76 recommendations, of which 22 are completely new. The *Grey Book* states that six recommendations from previous editions had been implemented during the previous 12 months, with another 12 recommendations currently being implemented. As it has done in the past, the *Grey Book* will serve as a roadmap for the Government and other stakeholders in implementing regulatory and administrative reforms aimed at creating a more enabling business environment. NALED also awarded the “reformers of the year” – people and institutions that have done the most to improve the environment for economic development in Serbia. This year's winners are Simo Vuković, State Secretary at the Ministry of Health; RTS, the Serbian national public broadcaster; Nemanja Delić, Mayor of Sombor; and Bratislav Gašić, Mayor of Kruševac. The top reformer of the year, Mr. Vuković, was recognized for his role in the important simplification of administrative procedures related to pregnancy and maternity leave. This reform, advocated and supported by BEP, will save the Serbian economy in excess of 690 million dinars annually.

Under **Objective 1, Task 1, “Improve Inspections Operations and Organization,”** BEP completed drafting of the Law on Inspections. Responding to businesses' complaints about serious obstacles for their daily operations caused by the unreasonable frequency, lengthiness and misuse of public authorities related to inspections control, BEP has engaged with its Government and business associations partners in developing proposals for improvement of the inspection sector in Serbia. After a thorough consultative process with the Inspection Reform Leadership Group (consisting of heads and other senior officials of the individual inspectorates), BEP prepared a Draft Law on Inspections. The Draft Law was then reviewed, improved and approved during two discussions by the Inspection Reform Leadership Group. The Draft incorporates best international regulations and practice and lessons learned in a way that is consistent with the Serbian legal framework. Key aspects of the Draft include mandating use of risk assessments and coordination of inspection controls to minimize the burden on low risk and generally compliant businesses, focus on preventive instead of punitive inspection actions, and empowering inspections to deal with the informal (grey) economy. Enactment and implementation of the reformed legal framework for inspections will significantly

reduce administrative burdens on Serbian businesses and improve the investment climate in Serbia.

BEP organized a study tour on November 21 to 23, 2012, in London, UK, to provide key Serbian policymakers with the understanding they need to develop inspections reforms. The participants attended the International Conference “Inspection Reform – The Change That Matters”. The Conference gathered inspection experts, officials and practitioners from more than 30 countries. The main topics of the conference were best international inspection practice related to risk-based approach of inspection surveillance, alternatives to inspection, changing the institutional framework for inspections, implementing inspection reforms, and coordination of inspections. The attendees also learned more about inspections at local and state levels, measuring the success of inspection reform,



and effective approaches to securing better business compliance. The Serbian participants gave a presentation on best inspections practices in the realm of labor inspections. The key messages of the Conference related to reforming regulatory delivery for business growth, changing the culture of regulation, and improving the competency of inspectors. In addition to the Conference, BEP provided the Serbian participants with a one-day training on contemporary inspection surveillance, conducted by Donald McRae, one of the most prominent inspection experts worldwide.

Under **Objective 1, Task 3, “Assist Implementation of the Law on Enforcement,”** BEP helped the Ministry of Justice and State Administration (MoJSA) fine tune the Law on Enforcement and Security. Full implementation of the Law on Enforcement and Security started mid-May 2012, when the first group of professional enforcement officers was appointed and became operational. The implementation of this Law has already led to multiple positive effects. In particular, enforcement officers are now able to seize equipment and other movables in a timely manner, and improve the creditors’ recovery rate. However, there were also several constraints, mainly procedural, to proper implementation of the Law. These constraints were corrected through amendments to the Law and its accompanying bylaws developed by a Working Group organized by the Ministry of Justice and State Administration (MoJSA). The Working Group consisted of judges, enforcement officers, a university professor, MoJSA staff, and BEP representatives. BEP organized a one-day roundtable in Vršac to finalize the work of the Ministry of Justice and State Administration (MoJSA) Working Group. BEP also organized public consultations on the Draft Amendments to the Law on Enforcement and Security, including a public consultation session held at the Court of Appeals. During the discussion, participants made a number of useful comments and recommendations that the Working Group included in the final draft of the amended law. As a result of BEP’s assistance, the Working Group completed a set of amendments to the Law on Enforcement and Security that were delivered to the MoJSA.

Under **Objective 1, Task 4, “Streamline Construction Permitting,”** BEP had several follow up meetings to move forward construction permitting reform following BEP’s presentation of the Assessment of Constraints to Construction Permits in Serbia in September. BEP met with Minister of Construction and Urbanism Ilic’s to follow up on the Minister’s announcement that the findings of the BEP’s Assessment would serve as a blueprint for profound reform of construction permits. At the meeting with BEP, Minister Ilic reiterated his commitment to thorough reforms of construction permitting aimed at expediting administrative procedures to curb corruption and encourage investments. The Minister said that the first priority of his Ministry at the moment was the process of registration of illegally developed real estate (so-called “legalization”). Minister Ilic emphasized the need to reconsider the system of financial impositions related to development projects, as suggested by BEP research on para-fiscal charges, mostly focusing his attention on the conversion charge. Finally, Minister Ilic asked BEP to stay actively involved by providing technical assistance in the process of drafting future construction permitting legislation and announced that the Ministry of

Construction and Urban Planning would invite BEP to provide feedback on reform plans discussed before these plans were released to the public. Subsequently, Minister of Finance and Economy Dinkic asked BEP to draft a new Law on Planning and Construction that the GoS would use as a draft for an inter-ministerial working group to be established. BEP also received requests to lead the process from the Prime Minister (indirectly) and the President of Privrednik business club, as well as other business associations.

BEP and the City of Belgrade Assistant Mayor planned BEP assistance to the city's efforts to improve construction permitting. For several years the City of Belgrade has consistently been ranked lowest among selected cities in southeast Europe and among the lowest in the world for efficiency in construction permitting. The City of Belgrade has finally decided to improve its construction permitting performance, and is in the process of establishing a one-stop-shop (OSS) for construction permits. The establishment of the OSS is one of the key recommendations of BEP's Assessment of Constraints for Construction Permits. BEP and the City of Belgrade discussed possible support to develop the terms of reference for implementing an IT document tracking system for construction permits and preparing a user-friendly step-by-step guide through the OSS and construction permitting process in Belgrade. However, at this point Belgrade's OSS will be limited to buildings of up to 800 square meters, and even in these cases it cannot be fully effective until a number of regulatory obstacles are removed, most of them at the national level. BEP and the City of Belgrade therefore agreed to jointly advocate for an inter-ministerial working group including representatives of the City of Belgrade and other local governments to amend the Law on Planning and Construction.

#### **BEP and NALED's Video on Construction Permits Gets Prime Time on Public National TV**

The video was produced as part of NALED's "Ask When" campaign, with BEP technical and financial assistance. It presents the findings of the BEP study on constraints to construction permitting to raise public awareness of the negative effects that this procedure has on Serbia's competitiveness in attracting foreign and encouraging domestic investments. The video particularly underlines job loss because of overly complicated and time consuming procedures. The airing of this creative video clip has already accelerated BEP's outreach campaigning for reform of construction permits and has given stakeholders and BEP more opportunities to talk publicly about the need for quick and comprehensive changes to be made to the system. In the most recent media interview, Minister of Construction and Urbanism Ilic, said that a new law on construction permits, to be adopted within the next six months, was to bring about a radical reduction in the time and money needed to get a construction permit. Additionally, a bill has been introduced in Parliament calling for a one-year suspension of a statutory provision requiring usage rights to land to be converted into full title before a construction permit can be applied for. Currently, this conversion process is one of main obstacles for obtaining construction permits for many of the most valuable potential construction sites.

Under **Objective 1, Task 5, "Reduce the Employing Workers Burden,"** BEP is facilitating discussions between the social partners (government, trade unions, employers) on Labor Law amendments and other reforms that will liberalize the labor market and stimulate employment. BEP organized a successful stakeholders retreat "Addressing the Unemployment Crisis -Employment Strategy and Labor Law." The two-day stakeholders' retreat organized in Arandjelovac, gathered representatives of the Ministry of Labor and Social Affairs (including the State Secretary and Assistant Minister); representatives of employer and employee associations (Serbian Chamber of Commerce, AmCham, NALED, SAM, Association of Employers, Independence Union, Confederation of Autonomous Trade Unions), labor law and economics experts from Serbia and Croatia, and representatives of the International Labor Organization. This marked the opening of the dialogue aimed at enabling the majority of stakeholders to take an active part in discussing the labor market in Serbia, the causes of growing unemployment and the steps needed to improve the overall labor environment. All participants agreed that reforms of labor policies, laws, regulations, and institutions are needed, and entered into a lively discussion on identifying priority issues and possible



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solutions. The participants discussed:

- How to decrease administrative burdens related to employment;
- Changes to the calculation of severance payments in case of employee lay-offs;
- Duration and other aspects of fixed-term labor contracts;
- Introduction of new forms of labor contracts (time-share; seasonal work, etc.);
- Collective bargaining;
- Enforcement of labor standards and labor inspections; and
- Health and safety at work.

The participants agreed on many of the solutions, and identified areas for further discussion. As a result, the Ministry and BEP have agreed to organize a series of thematic discussions on the remaining issues, in advance of the Labor Law draft amendments being introduced by the Ministry. BEP will also be part of the Labor Law drafting working group.

BEP subsequently met with Branislav Canak, President of the Independence Trade Union and Ljubisav Orbovic, President of the Confederation of Autonomous Trade Unions of Serbia, to discuss follow-up steps to the employment policy retreat that BEP organized in Arandjelovac. Both Unions stated that they were very pleased with the meeting in Arandjelovac, and that they believed BEP could play an important role in facilitating dialogue between trade unions and employers. They also agreed that BEP should provide more research and analysis when needed to further the discussions. Mr. Canak underlined the importance of discussing how institutions could be improved so that the law can be applied – both now and when amended – in particular the statutory provisions on labor inspections, labor dispute agency, courts, and the Ministry of Labor. Mr. Orbovic agreed that discussion was needed on institutional problems and how to resolve them. He added that there were two other crucial issues that need to be further discussed: 1) paid leave; 2) increasing fixed-term employment to three years.

On December 13, 2012, BEP gathered labor policy reform stakeholders to present the findings of its study on “Policies to Increase Employment and Workforce Competitiveness.” The presentation of the Study was attended by representatives of business associations, labor unions, and the public sector, as well as the expert community. The Study identifies legal and administrative obstacles for increasing employment within existing labor legislation, and lays down recommendations for the reform of institutions and legal framework for the labor market. The Center for Liberal Democratic Studies (CLDS), engaged by the BEP, prepared the Study in cooperation with numerous partners from public institutions, NGOs, and academia, as well as independent analysts. This event served as a much-needed forum for social dialogue on topics such as flexible forms of labor, duration of fixed-term labor contracts, amount of severance payments, collective bargaining, fiscal burden on wages, and resolution of labor disputes. Ms Susan Fritz, USAID Chief of Mission, and Mr Zoran Martinović, State Secretary at the Ministry of Labor and Social Policy, delivered welcome addresses. The State Secretary announced that amendments to the Labor Law and reform of the overall labor and employment framework would be completed by the third quarter of 2013. BEP will continue employment policy reform efforts and will facilitate dialogue between the social partners to help create a more business-friendly environment and attract more investments.

**Objective 2, Task 1, “Improve Public Private Dialogue” was furthered by several important discussions organized by the project that involved the public and private sectors, including:**

- Roundtable with the SCC on A2F, October 10, 2012
- UN WOMEN Conference, October 19, 2012
- Presentation of Business Survey Nov 1, 2012
- Labor Policy Retreat, November 6-7, 2012
- Third Annual PPP Summit, November 8, 2012
- Presentation of Codex on Corporate Governance, November 13, 2012
- Factoring Law roundtable, November 22, 2012



- Increasing private domestic saving for Serbia's economic growth" round table, November 27, 2012
- Presentation of Access to Finance Study and White Paper, November 30, 2012
- National Budget Forum and promotion of "Citizen's Guide to the Budget," December 03, 2012
- Roundtable "Institutional demand for government securities: constraints and opportunities," December 7, 2012
- Roundtable "Institutional demand for government securities: constraints and opportunities," Economic Institute, December 07, 2012
- FREN's Quarterly Monitor presentation, December 20, 2012.

Under **Objective 3, Task 1, "Improve Quality and Quantity of Legislative and Regulatory Reforms,"** the Ministry of Health and the Republic of Serbia Fund for Health Insurance accepted the initiative of BEP and NALED to reduce administrative requirements for sick and pregnancy leave. The Republic Fund for Health Insurance issued an instruction to its field offices that provides a simplified procedure related to sick leave that exceeds more than 30 days. The instruction cuts the number of documents required from 11 to only four. The new procedure was immediately applied. This instruction stems from BEP's Standard Cost Model Study, which indicates that red tape related to pregnancy leave costs the Serbian economy around 690 million RSD annually. The initiative was backed up with an outreach campaign, including the "Pregnant Women vs. System" video, also supported by BEP as part of the BEP and NALED "Ask When" campaign. This campaign also led to the abolition of 138 para-fiscal levies.

Under **Objective 4, Task 1, "Build Interest and Capacities of Public and Private Partners to Engage in PPPs,"** BEP supported the 3<sup>rd</sup> Annual Public-Private Partnership (PPP) Summit. The Summit was co-funded by the British Embassy. The Summit gathered international PPP experts and practitioners, government officials, embassies, businesses, international development projects, business associations and law firms, and experts. The theme of this year's PPP Summit was the UK experience with PPPs, and the conference featured highly competent public and private sector representatives from the UK who shared their knowledge with Serbian participants. The 3rd Annual PPP Summit encompassed three parallel panel discussions: Panel 1 – Infrastructure; Panel 2 - Public Utilities; Panel 3 - Resources and Renewable Energy Sources. BEP representatives moderated and participated in Panel 2, dealing with PPPs in utilities. The Panel 2 discussion covered the current state of affairs and trends in entrusting the delivery of utility services to the private sector as a form of concession model. The conclusion of the Summit was that Serbia had untapped potential for the development of PPPs, mostly at the local level. However, the investment environment, regulation and practice (licensing, financial relations, red-tape issues, property issues, etc.) need to be improved, which requires strong political support. The final segment of the Summit was designated for concrete business-to-government and business-to-business talks on possible PPP projects in Serbia.

BEP is also helping develop Value-for-Money Methodology, which will contain economic, financial and non-financial guidelines for evaluating PPP projects and serve as a sound basis for decision-making. VfMM contains economic, financial and non-financial guidelines for sound and high-quality development and implementation of PPP projects, serving as a set of tools to provide information for decision-making purposes. In helping the Commission to develop the VfMM concept, BEP conducted reviews and research of best practices of countries with a high volume of PPP projects, and drafted the methodology. BEP's next steps include facilitating dialogue with stakeholders, development of the final VfMM draft, and training the Commission on application of VfMM and other topics.

Within the framework of activities aimed at fulfilling **Objective 5, Task 1, "Support implementation of the new Company Law,"** the new Code of Corporate Governance was enacted by the Serbian Chamber of Commerce and Industry on September 17, 2012, and published in the Official Gazette on October 16, 2012. The new Code was developed by the Serbian Chamber of Commerce and Industry with USAID BEP's financial and technical support. The new Code integrates best international and local practice in the area of corporate governance and company law, in harmony with the reformist provisions of the new Company Law, and clarifies and elaborates some

legal and economic issues in order to back up its implementation. The Code was disseminated and promoted after its enactment and publication. During a Conference on Corporate Governance, held on November 13, 2012, participants agreed that the new Code of Corporate Governance should help Serbian companies manage business operations more efficiently, improve their access to capital, and secure sustainable development. The Conference gathered prominent corporate governance experts and practitioners, representatives of businesses, financial institutions, business associations, public and education organizations, and international development institutions and projects. Representatives of BEP, the International Finance Corporation's (IFC) Program of Corporate Governance in Europe and Central Asia, and the Office of the Swiss State Secretariat for Economic Affairs (SECO) in Serbia presented their missions and activities concerning improvement of corporate governance policies, standards, regulations and practice. Experts involved in drafting of the new Code of Corporate Governance presented the main novelties and institutes of the new Code, emphasizing importance of implementation of the principles and recommendations set forth in the Code.

During Q4 2012, 32 companies notified the Serbian Chamber of Commerce and Industry of the implementation of the Code of Corporate Governance. Of those, 25 have begun implementing the new Code as enacted by the Serbian Chamber of Commerce and Industry, while seven have enacted their own codes of corporate governance. Many of the companies that have put into place their own codes of corporate governance are currently transposing the recommendations, solutions and features envisaged in the new Code into their own codes.

## Component 2

**BEP's activities under Objective 1, Task 1, "Capacity building assistance to the Fiscal Council and Improvements to fiscal responsibility,"** included advisory assistance to the Fiscal Council to prepare two reports: the Assessment of the Proposed Budget for 2013 and the Assessment of the 2013-2015 Fiscal Strategy. The reports outline the risks and shortcomings of the latest budget proposal and mid-term fiscal strategies to curb spending and improve public finances. With BEP's assistance, the Fiscal Council was able to carry out extensive economic analysis of the program for public debt reduction and the effects of corporate income tax law changes, as well as edit both reports for analytical content in their entirety. These reports were released at a press conference on November 13, 2012, and have received extensive media coverage. They are already shaping the course of the Government's actions. The new Government has already implemented a series of previous recommendations outlined in analyses published by the Fiscal Council (supported by BEP), such as an increase in VAT and corporate income tax, a freeze on pensions and public sector salaries, and commitment to a clear path of deficit reduction: from 6.7% of GDP in 2012 to 3.6% in 2013, 1.9% in 2014, and down to 1.0% in 2015.

### **Results of USAID's Business Enabling Project's (BEP) National Business Survey for 2012 Show Over 10% Annual Improvement in Favorable Responses on Quality of Public Debate on Economic and Fiscal Issues**

BEP's annual survey of 1,000 businesses registers opinions on economic policy, business environment, and access to finance issues. According to results of the 2012 survey, one of the areas with over 10% improvement is the quality of public dialogue and debate on macroeconomic and fiscal issues – which is a direct target of BEP's component two activities. BEP has been working directly with the media and training journalists; increasing the volume of research and public presentation on fiscal and economic issues; getting media to parliamentary debates on fiscal issues; supporting the research of the Fiscal Council which served as the starting point for a wide public debate on the major fiscal issues.

**Pursuant to Objective 1, Task 2, "Improvements to Fiscal Analysis and Strategy by the MoF,"** BEP and Other Donors presented joint recommendations to the Ministry of Finance and Economy (MFE) on improving public financial management (PFM). USAID, EU, WB, IMF, SECO, and GIZ, met the State Secretary of the Ministry of Finance and Economy, Mr Senic, to discuss the findings of a joint policy briefing on PFM challenges in Serbia and the need for urgent actions. Mr. Senic agreed with the priorities identified and committed to closer cooperation of the MFE with the donor group, and promised stronger political support for the reform. One of the top priority actions is the implementation of program and performance budgeting with BEP's support. This joint donor position

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was first initiated by BEP in November 2011 at a meeting of donor projects hosted by BEP to coordinate and leverage assistance efforts. Further to these meetings, the World Bank agreed to take a role in assembling donor positions and putting a joint briefing paper together. BEP provided substantial input based on its wide-ranging work with the MFE, the Fiscal Council and the Parliament.

Pursuant to **Objective 1, Task 3 “Assistance to the GoS and Parliament to improving budget coordination and performance,”** BEP co-organized the National Budget Forum at the Serbian Parliament. The Forum’s slogan was "Towards a Higher Transparency and Control of the Budget Process." It was co-organized by BEP, BIRN and Pro-concept and held at the National Assembly on December 3. The Forum had about 100 attendees, including a number of prominent Serbian economists, Members of Parliament, Fiscal Council, and NGO participants. The participants discussed the main characteristics and projected results of the 2013 budget policy, and mechanisms for stronger participation of the Parliamentary Finance Committee and the public in budget decision making and control. BEP also organized a panel entitled "Transparency of the Budget Process" during which the participants discussed actions for improving public awareness and media reporting on fiscal management issues. BEP presented its work with the Ministry of Finance on the development of a Citizen’s Guide to the Budget and gave participants a chance to provide feedback on the proposed guidelines.

BEP and the USAID Judicial Reform and Government Accountability (JRGA) Project jointly presented their planned assistance activities at the Serbian National Assembly. The two USAID projects have jointly held presentation of the planned assistance activities for the Heads and representatives of the parliamentary committees receiving the support. JRGA will work with selected committees to increase effectiveness of their cooperation with independent agencies (such as State Audit Institution, Anti-Corruption Agency, Ombudsperson, etc). BEP mainly supports the Committee on Finance, State Budget and Control of Public Spending, and the Support Service and Research Department staff, in building analytical capacity for budget and economic policy evaluation, and improving communication and collaboration with the Fiscal Council. The aim of BEP’s assistance is to strengthen the role of the Parliament in budget and economic policy decision making. The National Assembly Deputy Secretary General and committee heads welcomed the proposed support to the Parliament and emphasized the good experience they had with USAID projects in past years.

Under **Objective 1, Task 4, “Assist the MoFE Budget Department to Develop Capacity for Improved Transparency and Program Budgeting,”** BEP’s Consultant, Dr. Slaven Mickovic, Head of the Macro-Fiscal Department at the Slovenian Ministry of Finance, delivered a two-day workshop on modeling and projecting government expenditures. He provided the Serbian MoFE Macro-Fiscal Department team with hands-on training on the usage of econometric tools and techniques (through the E-views software package), and helped them build an econometric model establishing the relationship between government consumption and GDP on a quarterly basis. Two members of the Fiscal Council team also participated in the workshop. BEP’s support to the MFD aims to strengthen its analytical capacity, and improve the quality of fiscal projections and management of public funds.

To ensure greater transparency and accountability of public spending, BEP provided assistance to the MoFE in developing the first “Citizen’s Guide to the Budget”, through a grant to BIRN NGO. This document translates the Republic of Serbia Budget Law into information both tangible and meaningful to the citizens and various interest groups, and promotes more effective public oversight and debate. The MoFE Budget Department and Macro Fiscal Department worked closely with BIRN public finance experts to analyze and interpret fiscal trends and position, and the implications of borrowing and budget policies. The Guide helps citizens better understand the distributional impact of taxation on different groups of taxpayers, spending decisions, and strategic goals of the Government. BEP presented its joint work with the MoFE on this publication at the National Budget Forum at the Parliament (on December 3) and gave participants a chance to provide feedback on the proposed guidelines. Broader outreach activities related to this publication will be launched in January 2013.

Under **Objective 1, Task 5, “Improvements to Fiscal Policy, Strategy and Analysis,”** BEP co-sponsored and assisted in preparation of the FREN Quarterly Monitor number 30. The promotional



event presented the analysis and papers in the QM and attracted media representatives. Three articles were funded by BEP in this issue; one deals with fiscal policy: “Institutional framework for issuance of corporate bonds in Serbia.”

BEP grantee BDO produced drafted amendments to the regulations on state aid in area of employment, which means that the State aid schemes will be aligned with EU standards once the respective amendments are adopted. However, the grantee has had difficulties in obtaining data necessary to assess state aid programs in economic area and there is a delay in activities related to the second part of its grant.

**USAID BEP’s Assistance Leads to Peers Recognizing the Serbian Ministry of Finance’s Structural Deficit Analysis and Fiscal Strategy.**

At this year’s Technical Assistance and Information Exchange (TAIEX) Seminar “Applying European Union Economic Policy to Economic and Monetary Union Legislation,” held between November 26th-30th in Vienna, Serbia received accolades for its approach on doing structural deficit projections, which was one of the cornerstones of BEPs support to the Ministry of Finance (Macro Fiscal Department) last year. Presenters used Serbia’s econometric analysis and fiscal strategy as a “best practice” model for EU candidate countries and gave high marks for close alignment with EU practices and organization. This event, organized in co-operation with Directorate General for Economic and Financial Affairs of the European Commission, was attended by officials from EU candidate countries and potential candidates from the SEE Region.

Under **Objective 2, Task 1, “Improving conditions for public investment in and trading of government debt,”** BEP completed the Organizational Diagnostic of the Public Debt Administration (PDA). The organizational diagnostic was delivered to the PDA in November. The report contains findings and recommendations for re-structuring the PDA’s departments and processes, and indicates areas in need of capacity-building. The objective of this Diagnostic is for the PDA to become able to carry out a wider range of debt management functions, streamline processes, and introduce new internal controls. But in order to become a world-class, investor-friendly institution, the PDA will need to take the initiative and make organizational and process restructuring decisions. One recommendation is to increase the number of staff across departments as well as to form a new department. The PDA has pledged to implement recommendations from the study.

BEP has started to evaluate market and infrastructure constraints related to government debt issuance and secondary market trading. This activity was requested by the PDA Director and will support front office development.

**Public Debt Administration (PDA) Expresses Appreciation to USAID’s Business Enabling Project (BEP) for Continued Technical Assistance**

In the 2012 Report published on its new web site (<http://www.javnidug.gov.rs/eng/>), PDA Director Branko Drcelic states that “USAID and European Commission are providing assistance to the PDA in its endeavour to develop activities and procedures in accordance with the best international practice, in order to optimally carry out its role in the field of public finances.” The central aims of USAID BEP assistance are: a fully functional debt management and reporting system; capacity for sophisticated risk management analysis; strengthened organizational design; and improvement of the market for government securities. This assistance will facilitate more prudent and transparent management of Serbia’s public debt that will help drive down the cost of financing for the businesses.

Under **Objective 2, Task 2, “Assistance to improve debt management systems, analysis and capacity,”** BEP continues to Assist the Public Debt Administration (PDA) with the procurement issues related to its Public Debt Management and Reporting System. BEP is assisting the PDA with technical issues related to its procurement of a new reporting module (Business Intelligence) as well as the annual maintenance services for its debt management system. BEP assisted PDA with the development of Technical Specifications for its debt system maintenance, proposed specific reorganization of help desk procedures, outlined service level agreement tailored to PDA’s needs, and specified new control mechanisms (conditional resolution of long time outstanding problems, contractual damages, etc.). The advice will enable the PDA to make an informed strategic decision on how to effectively manage the debt management system and the new reporting module. The procurement is expected before the end of 2012.

Under **Objective 3, “Technical Assistance to advance the GoS macroeconomic strategy”**, BEP grantee FREN has provided the results of the conducted survey of shadow economy across the sectors and geographic areas with key findings. FREN completed the first draft of the study at the end of December 2012.

FREN also held a press conference for the new issue of its economic *Quarterly Monitor* issue no. 30, which was partially financed by BEP. BEP financed the update of the macroeconomic dataset (which is made available on FREN’s site and Policy Café portal), and three articles. Two articles financed by BEP address macroeconomic issues: 1) PPP Financing Options in Serbia; 2) Protection of Minority Shareholders Rights in Serbia. The Global Competitiveness Report places Serbia at the very bottom of the scale when it comes to the protection of minority shareholders’ interests: the country is ranked 143rd out of a total of 144 economies. Bearing in mind that there can be little development of the financial market without strong protection of minority shareholders, USAID BEP supported research to detect the cause of the problems. This study, published in the *Quarterly Monitor*, answers some of the related questions. The research concluded that a new set of laws adopted in Serbia in 2011 was in line with EU laws and recommendations, and that the degree of shareholders protection is technically the same as in the EU. Therefore, the problem is not due to an inadequate legal framework, but is rather a consequence of the unsuccessful and incomplete implementation of laws. A more detailed analysis of public and private enforcement should still be carried out in order to detect all necessary steps to be taken in order to eliminate the implementation shortcomings.

### Component 3

Under **Objective 1, Task 1, “Assistance for the Implementation of the new Capital Market Law,”** BEP commenced dialogue on increasing the institutional demand for government securities. BEP and the Economic Institute held a roundtable “Institutional Demand for Government Securities: Constraints and Opportunities.” The purpose of the roundtable was to contribute to better understanding of the constraints and opportunities in widening the market for domestic government securities; to identify the policy measures needed for increasing investors’ interest; and to improve the liquidity of the government securities market. Aleksandar



Vlahović, the Chairman of Economics Institute, Joe Lowther of the USAID Business Enabling Project, and Boško Živković, Professor at the Faculty of Economics gave the opening remarks, underlining the benefits of a developed government securities market. A developed market provides an avenue for funding the budget deficit from domestic sources, other than the central bank; it reduces the need for direct and potentially damaging monetary financing of government deficits; and avoids a build-up of debt denominated in foreign currency. A lively discussion by the representatives of investors, banks, insurance companies, pension and investment funds and other governmental institutions confirmed the significance of reforming the current policies. It was concluded that a coherent and consistent coordination of the GoS and stakeholders is a condition for the success in reforming this area. Multiple measures are needed to stimulate activity in secondary markets: ensuring a constant supply of government debt; aligning sale procedures in the primary market to support the secondary market; establishing a trading and reporting system in the secondary market; and promoting the development of hedging instruments.

BEP and the Securities Commission (SC) signed a Memorandum of Understanding whereby they agreed to cooperate closely in joint development and implementation of a new, service-oriented, information technology (IT) system for the Commission that will enable a facilitated flow of internal information; timely access to, and full disclosure of relevant data; and more efficient procedures for regulation and supervision of market participants and trade in financial instruments. This should improve the overall performance of the Securities Commission. BEP's assistance through its grant will enable the use of information technology to support risk management and provide transparency of internal processes, reducing the level of the risk. The grant is a co-shared, joint effort, whereby BEP provides the software development and training, while the Securities Commission purchases the hardware needed for the system. The selection of the grantee is expected by the end of this year.

#### **USAID's Business Enabling Project's (BEP) Assistance to Improve Capital Market Regulation Recognized**

BEP's assistance to the Securities Commission and help in drafting 22 bylaws has led to recognition from the EU, FIC, and other commentators:

- In its "Serbia 2012 Progress Report" European Commission stated that progress can be reported in the area of securities markets and investment services. They pointed out that the Securities Commission (SC) adopted 22 pieces of implementing legislation in order to regulate more precisely the capital market legal framework aiming to further align the new Serbian Capital Market Law with the *acquis*.
- BEP's efforts to improve capital market regulation in Serbia were also commended by the FIC in their latest White Book edition. FIC acknowledged all the results achieved and the effects produced by the efforts to improve this area. FIC pointed out the fact that the Securities Commission adopted more than 20 necessary by-laws by the statutory deadline, although doing so required substantial effort.
- At the Belgrade Stock Exchange conference, held on November 21, participants on several occasions cited capital market regulation as excellent and positive for the further development of the capital market.

Under **Objective 1 Task 3 "Assistance for the development of a legal framework and strengthened enabling environment for a commodity exchange,"** after discussions with BEP, the Ministry of Foreign and Internal Trade and Communications has confirmed that the Commodity Exchange Law is one of the top priorities of the Ministry in the coming year, and that this activity has already become the part of the Government's Work Plan. As the next step, the Ministry will establish a new Commodities Exchange Drafting Working Group by the end of the year, and will start a series of activities aimed at clearing the overall legislative framework needed to enable the development of the commodity exchange in Serbia. BEP representatives will serve on this working group. In addition, BEP will provide assistance in organizing public discussions and other events in order to ensure that all relevant stakeholders are included in the process.

**Under Objective 4 Task 1 Facilitation of increased debate and analysis of the financial sector,"** BEP supported the access to finance portion of the "Food for Europe" Agricultural Forum. As part of its efforts to improve access to finance for farmers and small and medium-sized enterprises (SMEs) in the agribusiness and agribusiness-related sectors, BEP organized a panel entitled "Financing SMEs in Agriculture and Food Industry: Solutions" as part of the Forum dubbed "Food for Europe—towards a new development strategy for the Serbian agro-economy." The Forum gathered over 130 both domestic and international experts and highlighted the necessity of drafting a new agricultural/agribusiness development strategy for Serbia. The Forum served as a great platform for discourse and provided recommendations to improve access to finance in the agribusiness industry.

**Under Objective 4 Task 2 "Facilitation of increased debate of access to finance,** BEP released the White Paper providing recommendations and ideas to improve access to finance for small and medium-sized enterprises (SMEs) in Serbia. The event to release the White Paper was opened by HE Michael D. Kirby, US Ambassador to Serbia, and Mr Vlatko Senic, State Secretary at the Ministry of Finance and Economy, and was attended by more than 100 invitees from the Government of Serbia and private sector, as well as experts. Mr Senic said the GoS will cooperate with BEP in the future on the implementation of suggested recommendations. BEP's Economic Advisor Anthony Sinclair presented the key findings and recommendations, including the needs to strengthen credit enforcement, increase financing options for SMEs, and improve collaboration between businesses,

financial institutions, and the Government. Mr. Sinclair highlighted the fact that poor access to finance and its impact on SME growth may have serious implications for Serbian economic recovery and growth. The presentation was followed by an in-depth discussion between the panelists – Dragijana Radonjic-Petrovic, Special Advisor at the Ministry of Finance and Economy, Vida Dzagic, Vice-President of the Serbian Chamber of Commerce, Milanko Bogosavljevic, Director of the Export Credit and Insurance Agency and Aleksandar Calovic, Vice President of Executive Board Cacanska Banka. More than 20 journalists were present at the event which in the following days received extensive media coverage, resulting in more than 30 media reports to date.



BEP co-organized a Conference with the Serbian Chamber of Commerce (SCC) and the Institute of Economic Sciences, to launch dialogue between the businesses and the financial sector, and to gain further insight into the problems faced by SMEs in obtaining finance. BEP presented constraints that need to be jointly solved between the financial sector and enterprises. The Conference also presented a study, co-authored by several members of the SCC and the Institute of Economic Sciences, analyzing SMEs' need for capital and available sources of finance, as well as exploring market sources of funding and national and international financial support programs. The in-depth discussion that followed confirmed BEP's findings on some of the key problems in the SMEs sector, including lack of financial management knowledge, unfamiliarity with alternative sources of finance available, and absence of a single location for all information on advantages and shortcomings of each available financing option. The lack of communication and understanding between businesses and the financial sector is also considered a major impediment, as is the absence of non-bank financial institutions to support microenterprises and SMEs. Participants at the roundtable concluded that the deadline for the collection of receivables should be shortened, and that there is a strong need for a comprehensive SME development strategy and further formation of business associations and clusters.

BEP participated in a Finance and Trade Seminar organized by the Association of Serbian Banks. The main objective of the seminar was to present and analyze the developments in the economic and financial sphere, worldwide as well as in our country. BEP presented key issues in the new draft of the Factoring Law, which aim at improving liquidity conditions and enabling more value-chain-based finance. The event gathered representatives of the entire banking sector.

Under **Objective 6, Task 1, "Improving the Enabling Environment for SME Access to Finance,"** BEP has been working closely with the MoFE SME Policy Department and Minister's Special Assistant Dragijana Radonjic Petrovic, on drafting the new 2013-2016 SME development strategy and action plan. The Ministry plans to create and adopt a realistic strategy that fits the specificities of the Serbian business environment. The Ministry's priorities include mapping and evaluation of existing State Support instruments and dealing with enterprise-related constraints.

Pursuant to the MoFE's request, BEP is also advising the Ministry on new Equipment Loan Guarantee Schemes. BEP Advisor Tony Sinclair is advising the MoFE on the structure of a pilot grant scheme model that should increase the demand for the long term equipment investing loans. For this purpose, BEP talked to Pro Credit Bank and Cacanska Banka, as the most active banks in SMEs lending, in order to get their initial feedback on the grant scheme idea. Both banks have shown interest to participate in the pilot project of the grant scheme and provided their opinion about the loan terms regarding the loan duration, collateral requirements and interest rate that could be applied. Based on the MoFE's ideas and options, and the banks' feedback, BEP will help the MoFE structure the pilot grant scheme, planned to be implemented at the beginning of 2013. If it proves successful, the MoFE plans to expand this program in the course of the following year. These activities are part of BEP's cooperation with the MoFE to improve the access to finance for SMEs that need the



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financial sources to invest in equipment and production. The MoFE's efforts will encompass measures other than targeted state support, e.g. leasing system reform and collateral regulatory system improvements.

During Year 2, BEP took an active role in drafting the Factoring Law, in cooperation with the Ministry of Finance. The activities included expert assistance for the working group and public-private dialogue. The drafting process included three sets of public discussions with stakeholders, which ensured that the draft was harmonized with international best practices. It was regionally recognized as a best-case example of both legislation drafting and public-private dialogue.

However, the new Ministry of Finance and Economy's officials decided to add last-minute amendments to the draft law, which caused controversy within the factoring industry. BEP convinced the MoFE to hold another public discussion prior to deciding on any major changes of the draft legislation. The discussion, supported by the Factoring Association of the Belgrade Chamber of Commerce, resulted in consensus on most of the controversies, setting a good example of importance and effectiveness of public-private dialogue in the process of drafting legislation. The Ministry announced the adoption of the Factoring Law for March 2013.

Responding to MoFE's request, BEP provided technical assistance in developing the Late Payment Law. The Project provided an expert review of the draft Law on Late Payments and recommended improvements in line with best international practices regarding combating late payment in commercial transactions. BEP's comments on the draft included a recommendation to enable a more flexible approach to the statutory payment period for B2B commercial transactions, and to apply this Law to the companies in restructuring, since they represent one of the major sources of illiquidity. The Law on Late Payment was adopted in December 2013, incorporating many of the recommendations provided by BEP.

BEP has continued cooperation with the Association of Leasing Companies of Serbia (ALCS), in order to establish a legal framework which will enable the growth of the leasing industry and provide additional financing possibilities for SMEs. ALCS has identified all legal constraints that should be amended. BEP is recognized as a good intermediary to reach the relevant stakeholders. The MoFE and the NBS expressed their willingness to review the proposed changes and to proceed with those that are viable for the Serbian economy and financial system. BEP will support and facilitate the reforms. As a further step, ALCS will provide all relevant data from the local market, as well as some best international practices of leasing regulation and performance. By the beginning of April, BEP and ALCS will organize a roundtable with the relevant state institutions, in order to strengthen the public-private dialogue and establish a good basis for improving SMEs access to finance through using financial instruments that is better fitted to their level of potentially available collateral.

**USAID Business Enabling Project's (BEP) White Paper Becomes Part of Government of Serbia Action (GoS) Plan**

The Government of Serbia has committed to implementing BEP's White Paper recommendations that aim to enable easier access to finance for Serbian SMEs. The adopted GoS Action Plan for Implementation of Recommendations of the European Commission quotes that the "...certain recommendations from the White Paper will be realized in cooperation with USAID, during three quarters of 2013". This constitutes an important acknowledgement of the BEP's advocacy and expert assistance in carrying out this important study, and confirms GoS commitment to improve SMEs access to finance, providing the basis for BEP's 2013 Workplan.

BEP is working with the National Bank of Serbia (NBS) to improve collateral valuation. Collateral valuation is one of the areas in which the improvement is needed in order to accelerate the access to finance, as identified in BEP's White Paper and confirmed by the NBS. BEP engaged a highly experienced expert on collateral valuation to provide his technical opinion, ongoing advice, and present a detailed report. The report, "Strategies to Enhance the Credibility & Reliability of Real Estate Valuations in Serbia," was presented to representatives of the NBS' Financial System Stability Department and the Bank Supervision Department, as well as the representatives of the National Mortgage Insurance Corporation during a two day workshop at the NBS premises. The participants discussed the key findings and recommendations of the report, as well as the next steps and feasible solutions to adjust the evaluation procedures and standards in Serbia to international standards. The National Bank of Serbia is leading implementation of these reforms. The implementation should start

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in year 2013.

At a meeting with Assistant Minister Milikic on December 9, the Ministry of Finance and Economy asked for continued BEP support in improving the regulatory framework relevant for facilitating access to finance and development of the financial markets. The Ministry would like to ensure further cooperation with BEP to properly draft the Factoring Law, the leasing regulatory framework, and the Investment Fund Law. The Ministry also plans to introduce amendments to the Law on Capital Market and adjust bylaws related to the Belgrade Stock Exchange and the Central Register accordingly. BEP will work closely with the Ministry to prepare a joint plan for the coming year.

During a meeting with the National Bank of Serbia (NBS) Supervision Department Head, the NBS confirmed its interest in taking part in an intergovernmental working group for the improvement of access to finance that will be established by the Ministry of Finance and Economy (MoFE). This group should coordinate the work of different line ministries and other GoS institutions in improving access to finance for SMEs, including developing an analysis of the costs of compliance with regulation in this area. The NBS and BEP also agreed to review leasing regulations in order to support further development of this form of financing. At the moment, as a consequence of unclear regulation, SMEs in Serbia use leasing as a source of financing in only 1% of cases, compared to over 10% for developed European countries.

BEP explored possibilities to improve the Serbian corporate bond market. One of the recommendations of BEP's White Paper for improving SME access to finance is to make bond offerings more affordable to larger SMEs, which is in line with EU recommendations for improving access to finance. BEP has thus decided to support extensive research covering the institutional environment, macro structure of the corporate bond market, related risks, regulatory and transactions costs, etc. The analysis of the corporate bonds market, published in the *Quarterly Monitor*, Volume 30, has shown that the market is in the initial phase of development and at an almost negligible level in Serbia. According to the analysis, Serbia does have modern regulations that are in accordance with the EU directives. However, the analysis indicates that high risks, lack of transparency, and lack of rating agencies together adversely influence the developing corporate bond market. The lack of market practices in Serbia makes regulators opt for a more conservative approach; according to many market participants, the authorities interpret regulations restrictively, thus preventing trial-and-error learning. On the other hand, an improvement of the corporate bonds market will have a strong influence not only on financial market and issuers, but also on the dinarization process.

## Outreach

During the quarter BEP generated 218 media reports, all with a positive or neutral tone. BEP's outreach activities reached more than 4.3 million people.

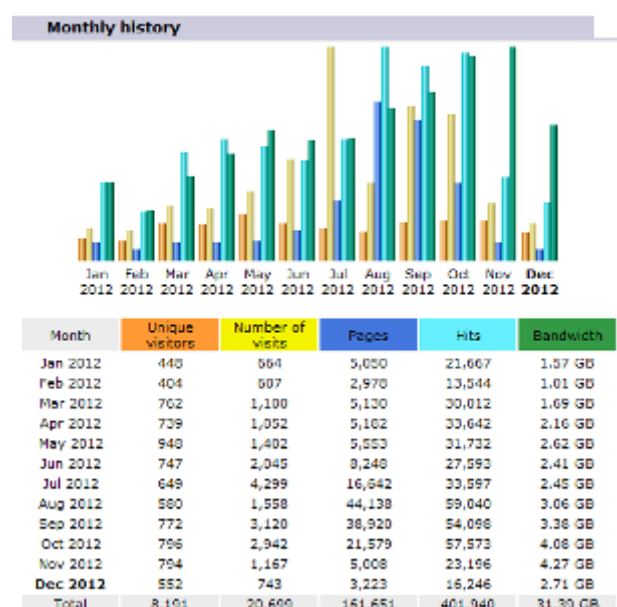
In this period, BEP launched activities within the outreach campaign in three areas: Construction Permits, Labor Law and Access to Finance. The Grantee Represent Communications has carried out the communications brand "Konkretno", by launching three platforms "Radno", "Preduzimljivo" and "Konstruktivno". Prior to the three kick off events of the campaign, BEP carried out briefings for media representatives and for the first time the bloggers community. Following the presentation of the Construction Permits study, BEP organized events to present two other important studies: "Financing the growth of the SME's" and "Labor Law study." The second part of the campaign was carried out successfully resulting in more than 150 positive media reports and massive online visibility due to activities on Social Media - Twitter account (@konkretnoSrbija) and Facebook Fan Page <http://www.facebook.com/KonkretnoSrbija?fref=ts>.

BEP and NALED (National Alliance for Local Economic Development) partnered with National Broadcasting Service of Serbia (RTS) launching a national marketing campaign called "Ask When" with the goal to draw the Government's attention to the major problems in Serbian economy. The campaign Ask When featured the third TV ad that deals with the problem of construction permits.



**Kampanja Pitajte KADA – Gradim fabriku / Ask WHEN – Building a factory**

More importantly, the first TV ad featuring “Pregnant lady countering the system” has given birth to results, since The Republic Fund for Health Insurance has issued an instruction to its field offices providing for simplified procedures related with the pregnancy leave, in accordance with the proposal made by NALED with USAID BEP technical assistance. The proposal stems from BEP's Standard Cost Model Study indicating losses for the Serbian economy just because of this red tape at the level of 690 million dinars annually.



BEP's interactive website, [www.policycafe.rs](http://www.policycafe.rs), provides a means for dissemination of research and analysis on issues related to BEP's three components allowing users to provide input and feedback.

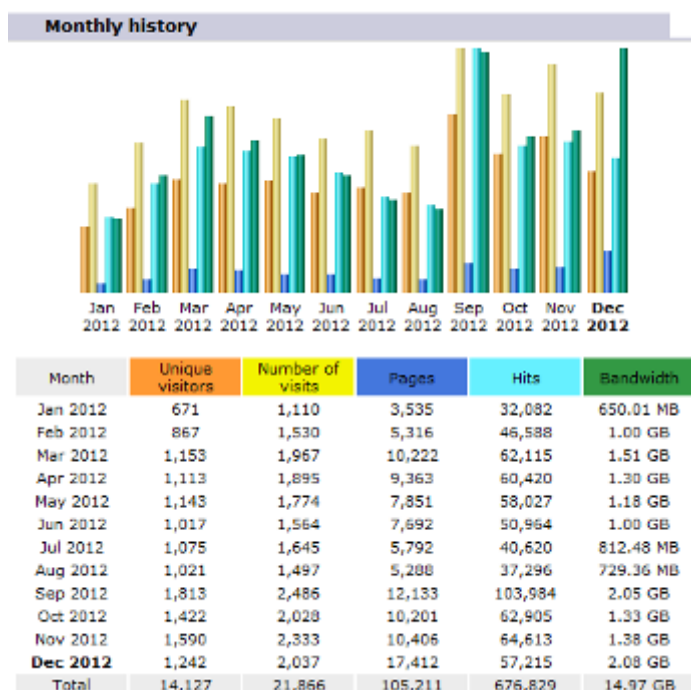
Based on our web analytics, visits to the website have reached a steady and constant number of total visitors with nearly 800 unique visitors on monthly basis (see chart).

So far the policy café has more than thousand different articles, publications, policy notes, useful links and information with content updated on regular basis, being a solid ground for further expansion of its popularity.

In the future period BEP will focus on further publicizing and expansion of its popularity, making the visual concept more modern and attractive to visitors, with an emphasis on relevant, brief, clear and easy-to-access information.



The BEP website, [www.bep.rs](http://www.bep.rs), continued to have a large number of visitors, as shown by the adjacent chart. The BEP website contains information about the project, grant solicitations, media appearances, and partners. The BEP website ([bep.rs](http://bep.rs)) has continued to show an increase in number of visits with a steady average of 77 unique visits per day (November 2012).



## Grants

BEP's second **Annual Program Statement (APS-2012-01)** has generated substantial interest from organizations to apply for grants. In the last quarter of 2012, BEP received 16 Expressions of Interest (EoI). Out of those 16 project ideas, BEP accepted three EoIs for full proposals at the Grants Selection Committee (GSC) meetings and decided to support two of them: grants to the Serbian Association of Managers and the American Chamber of Commerce in Serbia. A total of 34 project ideas were submitted to USAID BEP either in the form of EoIs or full proposals.

Overall, BEP has considered 24 project proposals in the reporting period, both EoIs and full grant proposals. Four Grants Selection Committee meetings were held in that period: on October 11, October 31, November 20, and December 27, 2012. By October 4, which was the deadline for submission of applications for USAID's BEP RFA-2012-06 Internships in National Governmental Institutions in the Republic of Serbia, six full proposals were received. After deliberation of high quality proposals, BEP negotiated and contracted the Belgrade Open School for the grant "Better Public Administration through Internship Placements". The second contract, signed in the reporting period, was with the American Chamber of Commerce in Serbia for the project "First Lap Time - 100 Days of Government" and follow up activities.

In the last quarter, BEP published one Request for Applications and two Requests for Proposals. The Request for Applications (**RFA-2012-07**) for the Management training for public officers working in governmental institutions in the Republic of Serbia was published on November 21, 2012. BEP intends to provide up to 30,000 USD in total funding to be allocated over a period of four months. The goal of the grant is to build capacity of BEP counterparts within the Government of Serbia, so that they can better accomplish reforms and successfully implement new legislation. Eight proposals were submitted in response to RFA by the deadline, on December 20, 2012. The Grants Selection Committee members decided to invite two of the applicants for the presentation of methodology and short demonstration of the training in January 2013.

BEP invited vendors to submit bids in response to Request for Proposals (**RFP-2012-01**) for Development of Web-based Inventory of Spatial and Urban Planning Documents on October 8, 2012. BEP intended to award up to 55,000 USD for the provision of software application through a purchase order. The ultimate beneficiary of this software is Republic Geodetic Authority (RGA) with whom the USAID' BEP intends to sign an in-kind grant agreement. Two bids were received by the deadline

for submission, on November 8, 2012. However, after careful consideration the members of the Evaluation Committee decided to re-launch the RFP, with slight modification/clarifications, due to the fact that two bids were insufficient number of proposals that would allow the Committee members to make a decision.

BEP launched the Request for Proposals (**RFP-2012-02** for Development of Document Management System and Public Register System for the Securities Commission (SC), by posting it on the BEP web site and inviting a dozen qualified organizations to submit their bids. The ultimate beneficiary of this software is the Serbian Securities Commission with whom BEP will sign an in-kind grant agreement. BEP will award up to 120,000 USD for the provision of assistance to SC in developing a document management system (DMS) and public register to facilitate its efforts to assure good market regulation and supervision. The DMS and the public register will ensure timely access to important information and support the Commission's performance management program and, thereby improve its efficiency. Three bids were received by the deadline for submission on December 20, 2012. The opening session took place on December 26, 2012, and the proposals will be evaluated at the Evaluation Committee meeting in January 2013.

The total amount of awards to date is **\$ 869,305**. The Grant Status is attached as Attachment 5.

There are three grants in the pipeline: 1) for Management training for public officers working in governmental institutions in RS, 2) in-kind grant award to the Securities Commission, and 3) APS-2012-01-7 "Strengthening the Voice of Managers" for Serbian Association of Managers (approved and to be contracted by early January, 2013). With the already committed funds for in-kind grant for Republic Geodetic Authority the total of committed funds amounts to **\$ 234,192**.

<b>A. Contracted</b>	<b>\$ 869,305</b>
<i>B. Exchange rate difference</i>	<i>\$ 63,157</i>
<b>C. Committed</b>	
In-kind RGA (\$ 70,000)	
In-kind Securities Commission (\$ 120,000)	
Project management training (\$ 30,000)	
SAM (\$ 14,192)	\$ 234,192
<b>Total awarded and committed (A-B+C)</b>	<b>\$ 1,040,340</b>

## MONITORING

Grantees have been regularly fulfilling the contracted milestones, and therefore 22 payments of grant installments were initiated in the reporting period. As part of regular monitoring activities, BEP's grants manager paid field visits to grantees, as follows:

- American Chamber of Commerce in Serbia (AmCham) – On November 20, 2012 in Belgrade, AmCham organized the high level conference entitled "First Lap Time – 100 Days of Government". Over 170 representatives from AmCham membership, NGO sector, Academia, business associations, media and Government participated in a dialogue on three key policy areas: parafiscal charges, labor regulations and construction permitting regulations. The organization of the Conference followed after a series of consultative meetings AmCham conducted with business associations, as well as representatives of the Government, regarding their commitments to support the reforms in the three areas. The priorities they all agreed that should be pursued by the end of the first year of its term, as well as the achievements made to date, were discussed in a dynamic and structured dialog between representatives from leading business associations in Serbia and high government officials. The Conference represented a unique opportunity to



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articulate the unified voice of business and obtain commitments from the Government on the three key policy areas. The Conference was opened by AmCham, and the key speaker and the panelist was Prime Minister and Minister of Interior, Ivica Dacic. Other members of the Government - Velimir Ilic, Minister of Construction and Spatial Planning, and Milica Bisic, Advisor to the Minister of Finance and Economy, as well as representatives of business associations took part in the private public sector panel discussion, which concluded the priorities that the Government committed to purpose. The organization of the Conference is part of the USAID's BEP grant to AmCham aimed at achieving policy and regulatory change in the three areas, which also includes the activities in relation to monitoring of the Government commitments, to be outlined in a Reform paper, and two follow-up events. The project will last until July 5, 2013.

As a result of discussions with six key business associations – the American Chamber of Commerce, the National Alliance for Local Economic Development (NALED), the Serbian Chamber of Commerce, the 'Employer' association, the Serbian business club 'Privrednik', and the Serbian Association of Managers (SAM) – the Government made commitments to:

- Amend the Labor Law by the end of 2013;
- Thoroughly reform the Law on Planning and Construction by mid-2013, and make immediate changes allowing for the issuance of construction licenses without completed conversion;
- Complete the Law on Compensation for the Use of Public Goods in Q1, 2013;
- Finalize Amendments to the Law on Property Tax, as a prerequisite for finalizing reform of local charges by Q2 2013;
- Overhaul the methodology and manner of charging and collecting compensation for construction land use and compensation for the development of construction land use.

*Business associations were represented by Zoran Petrovic from the American Chamber of Commerce, Miroslav Miletic from the Serbian Chamber of Commerce, Toplica Spasojevic from NALED, Slavko Caric from SAM, Miodrag Kostic from the 'Employer' Association, and Branislav Grujic from the 'Privrednik' Association.*

- Foundation for the Advancement of Economics (FREN) - On December 20, FREN promoted the issue 30 of the Quarterly Monitor magazine (QM), at the Faculty of Economics in Belgrade. Ana Jolovic, USAID BEP's Financial Market Development Team Leader addressed the audience as a key note speaker together with Branislav Boricic, the Faculty's dean and Milojko Arsic, editor-in-chief of QM, who presented the economic trends and policies in 2012 and the outlook for 2013. Three research articles, supported through the BEP grant "Quarterly Monitor: Institutional Challenges to Boosting Employment, Growth and Public Sector Efficiency in Serbia", were presented at the event. Branko Radulovic, from the Faculty of Law, University of Belgrade, analyzed the possible measures to encourage public-private partnerships, but also the limitations and risks with which these programs would encounter. Katarina Djulic, from the Faculty of Economics, Finance and Administration (FEFA), presented the analysis of the regulatory and economic constraints for the development of corporate bond markets, and assessment of the scope of the market, while Tanja Kuzman, from FEFA, analyzed the weaknesses of the existing legislation relating to the protection of minority shareholders, and inadequate code enforcement in practice and recommended necessary measures to improve the protection of minority shareholders. The grant to FREN is aimed at providing the evidence-based analysis and raising public debate on relevant topics, which would enable reaching benefit maximizing policy decisions.
- On December 7, 2012, the **Economics Institute** organized a **round table "Institutional Demand for Government Securities: Constraints and Opportunities"** bringing together market participants and representatives of authorized institutions for a brief, but honest discussion about the constraints and opportunities for expanding the market for government securities. This panel was a part of USAID' BEP grant "Round tables 2012 – For Better Business Conditions" implemented by the Economics Institute, which is aimed at facilitating an open dialogue between the representatives of industry, government, and the economics profession, in order to provide relevant authorities with the support they require in creating solutions for improving conditions in





***Economics Institute, December 7, 2012***

public-private dialogue on how to overcome constraints, strengthen investor appetite and liquidity of government securities market.

The set objectives and planned results of the round table were achieved through:

- - Analyzing the situation in the government securities market in Serbia;
  - - Highlighting the key constraints; and
  - - Proposing solutions for increasing investor appetite and overcoming the obstacles for widening, improving and increasing the liquidity of the national government securities market.
- **National Alliance for Local Economic Development (NALED)** presented the fifth edition of its *Grey Book* – an annual list of proposals for removal of regulatory and administrative impediments for doing business in Serbia. The fifth edition, supported by USAID BEP through the “Benchmarking 2016 – Comprehensive Monitoring of Doing Business Environment in the Republic of Serbia” grant, contains 76 recommendations, of which 22 are completely new. The



***National Assembly Hall of the Republic of Serbia,***



***Top Reform Award Winners***

purpose of the grant is to develop comprehensive public sector performance monitoring and reporting tools that will tackle the most important topics for improvement of doing business in Serbia environment. The Annual Grey Book contains the most complete and relevant recommendations for implementing regulatory and administrative reforms aimed at reducing

the fields addressed and to advocate for changes. This professional debate gathered all the relevant stakeholders: representatives of investors, competent state institutions and experts in this field. Keynote speakers were Joe Lowther, USAID’s BEP Chief of Party, and Bosko Zivkovic, a professor at the Economics Faculty of the University of Belgrade.

The intent of the round table was to enable the debate contributing to better understanding the demand-side constraints and opportunities for widening the market for domestic government securities, to improve

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bureaucracy and creating a more enabling business environment. After the opening remarks by the President of NALED's Managing Board, Vladimir Cupic, key note speeches were delivered by Loup Brefort, World Bank Country Manager, Lee Litzenberger, Deputy US Ambassador and, Adriano Martins, Deputy Head of EU Delegation to Serbia.

At this launch, held at the National Assembly of the Republic Serbia, NALED also presented the Top Reform Award for the public sector representatives who contributed to the improvement of business environment in Serbia in 2012. Top reformers for 2012 were: Simo Vukovic, State Secretary at the Ministry of Health; RTS, the Serbian national public broadcaster; Nemanja Delic, Mayor of the city of Sombor; and Bratislav Gasic, Mayor of the city of Krusevac. NALED took the opportunity to promote the Ask When! Campaign, an activity supported through another USAID BEP grant "Ask When! – Advocacy Campaign for Improving of Doing Business Environment in the Republic of Serbia" by screening a popular video clips "Mother-to-be against red tape" and "Building a factory. The event gathered around 100 high-level representatives of the state and international institutions, diplomatic corps, business community, national and local media.

All above events were well attended by the press and generated substantial media coverage. Media reports informed the professional and general public of the issues in question; ensured the promotion of policy recommendations and attitudes; helped BEP, representatives of the government, business associations, international organizations and other stakeholders advocate for regulatory change, and influence the relevant authorities to take steps leading to the creation of solutions conducive to a more stable and favorable business environment.

All above grantees are respecting the contract obligations, both content- and time-wise and meeting the milestones.

#### **GRANT AGREEMENT MODIFICATION:**

USAID BEP approved and signed two no-cost modifications to the grant agreements with BDO Business Advisory and the Economics Institute. The changes included the following:

1. BDO Business Advisory - RFA-2012-04 for "Strengthening Regulation, Management, and Effectiveness of State Aid in Economic Sphere" project.

*Changes:* Deliverables/grant milestones and payment schedule.

2. Economics Institute: APS-2012-01-3 for "Round tables - For better business conditions" project.

*Changes:* Budgetary changes between the budget lines.

The revisions were based on credible explanations provided by the grantees. All other terms and conditions of the agreements remained unchanged.

## Financial Review

The following chart shows the billing to date through the end of December, 2012. This includes a projection for December 2012 based on the actual costs we have received from the field for the month of December.

	<b>BILLING TO DATE</b>	<b>TOTAL BUDGET</b>	<b>REMAINING BUDGET</b>	<b>PERCENTAGE COMPLETE</b>
Salaries and Wages	\$1,529,715.28	\$ 3,684,997.42	\$ 2,155,282.14	41.51%
Fringe Benefits	\$ 119,430.19	\$ 261,344.12	\$ 141,913.94	45.70%
Overhead	\$ 901,763.10	\$ 2,168,942.15	\$ 1,267,179.06	41.58%
Travel, Transportation, and Per Diem	\$ 119,372.66	\$ 521,752.74	\$ 402,380.08	22.88%
Allowances	\$ 305,640.59	\$ 664,749.34	\$ 359,108.75	45.98%
Other Direct Costs	\$ 854,793.66	\$ 2,417,168.84	\$ 1,562,375.18	35.36%
Equipment and Supplies	\$ 62,594.22	\$ 97,674.02	\$ 35,079.80	64.08%
Participant Training	\$ 24,907.86	\$ 64,634.18	\$ 39,726.32	38.54%
Subcontracts	\$ 601,097.56	\$ 1,596,493.07	\$ 995,395.51	37.65%
Grants Under Contract	\$ 597,212.00	\$ 1,674,584.21	\$ 1,077,372.21	35.66%
G&A	\$ 519,383.45	\$ 1,318,794.16	\$ 799,410.71	39.38%
<b>TOTAL ESTIMATED COST</b>	<b>\$5,704,530.23</b>	<b>\$14,663,543.99</b>	<b>\$ 8,959,013.76</b>	<b>38.90%</b>
Fixed Fee	\$ 284,260.43	\$ 815,859.91	\$ 531,599.48	34.84%
<b>TOTAL ESTIMATED COST PLUS FIXED FEE</b>	<b>\$5,988,790.66</b>	<b>\$15,479,403.90</b>	<b>\$ 9,490,613.24</b>	<b>38.69%</b>

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## **Progress versus Workplan**

BEP's progress versus the Work Plan is set forth in Attachment 3.

## **Progress versus PMP**

BEP's progress versus the PMP is set forth in Attachment 4.

## **Challenges Encountered and Actions taken to Resolve them**

No significant unexpected challenges were encountered during the quarter.

## **Observations Regarding Implementation**

The Project's approach to conduct analysis, publicize the needs for reform, support business association advocacy, and provide technical assistance to the government is having excellent results. The new Government of Serbia has adopted many of BEP's recommendations and has asked BEP to help implement the recommended reforms. BEP is known as the most reliable and trusted source for expertise, information, and analysis in the technical areas it is covering.

BEP has found the Grant fund to be quite effective in providing assistance and conducting project activities in a cost-effective manner, while supporting and developing local organizations. Unfortunately, due to budget restrictions USAID cut the amount of the Grant Fund from \$2.2 million to less than \$1.7 million in 2012, and only about \$600,000 remains available during the last three years of the project.

## **4. ACTIVITIES PLANNED FOR NEXT QUARTER**

Noteworthy activities for the eight quarter of the project, covering January 1 to March 31, 2013, will include:

### **Administrative and General Activities**

- New interns will begin work at BEP in January.

### **Component 1**

- Provide technical assistance for continuation of streamlining the para-fiscal charges and support for monitoring of the level of para-fiscal burden on businesses
- Completion of the concept note for the inspections reform legislation
- Work with the Ministry of Justice and Public Administration on establishment of competent and representative working group for drafting the law on inspections.
- Initiate development of the new law that will govern the construction permits
- Award the grant for development of the Inventory of Planning Documents
- Use thematic roundtables to define priority areas for the labor and employment reforms and build consensus on it between major stakeholders
- Support the working group for drafting the new Labor Law if established by the GoS
- Completion and public presentation of the Study on Reform of State Agencies ("De-agencification")
- Presentation and public discussion on the Draft Value for Money Methodology and subsequent enactment of the Methodology

### **Component 2**

- Support to BD on formation and agenda-setting of working group (WG) for PB implementation; facilitation of WG discussion and decision making
- Technical assistance to the BD in development of program budget framework and classification



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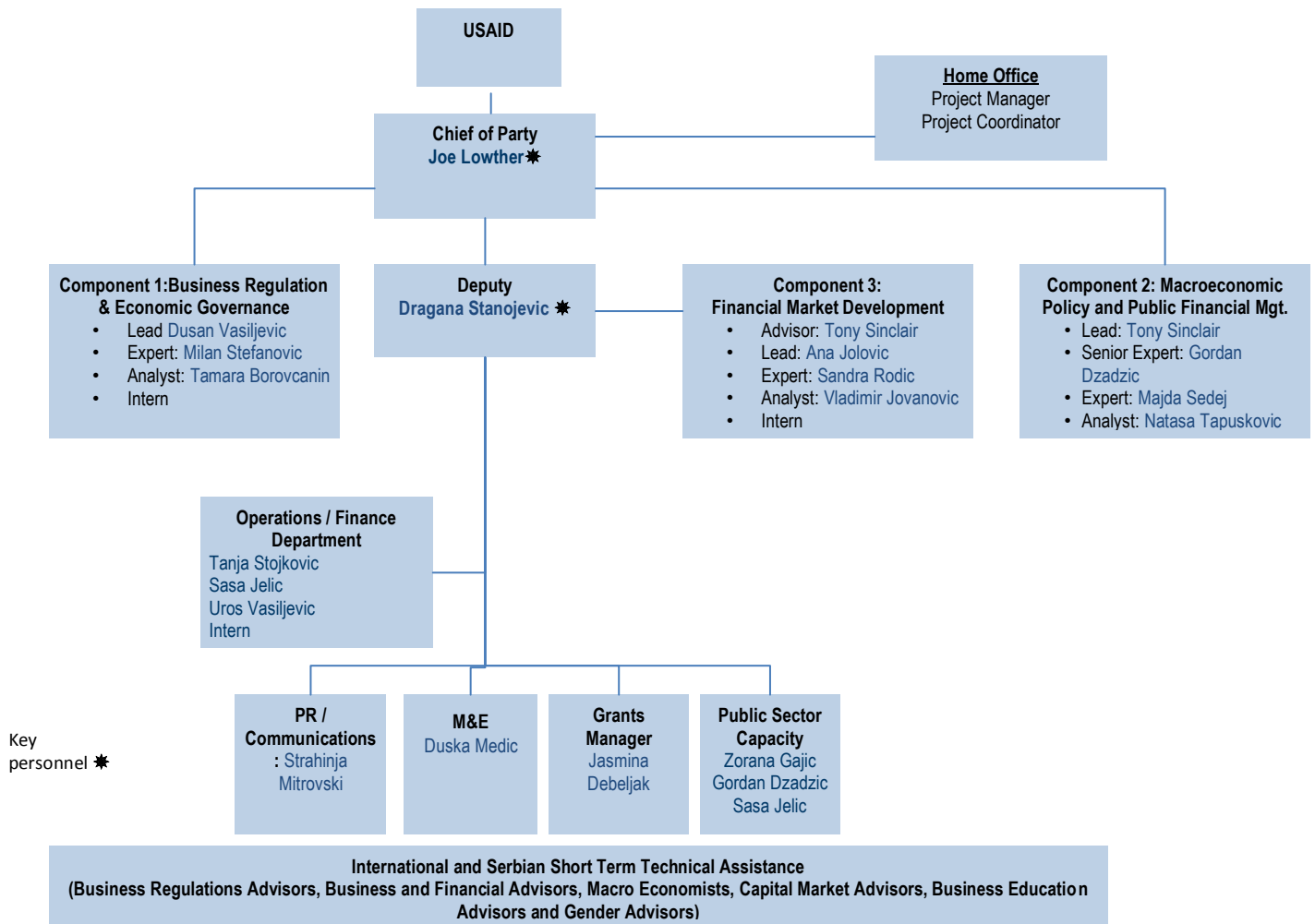
system, methodological instructions, and implementation plan

- Launch seminar series for Parliament's Finance Committee, Supporting Service, and MPs on macro-fiscal and budget analyses; technical briefings on new legislation prepared with BEP assistance (e.g. inspections, factoring)
- Advocacy, outreach, and implementation of the recommendations of Shadow Economy Study
- Stage II savings study: Formulation of policy recommendations on improving domestic savings
- Outreach of Citizen's Guide to 2013 Budget publication
- Assist PDA with Implementation of Debt Management System Help Desk Procedures and Automated Reporting
- Deliver Public Debt Risk Management Trainings to PDA's Middle Office
- BEP Participation in Intergovernmental Working Group Meetings on Improving Government Securities Markets

### **Component 3**

- Finalize an action plan for improving access to finance with MoFE based on BEP's recommendations
- Support advocacy for reform of the leasing related regulation and propose amendments to the laws/bylaws
- Support for adoption of the Factoring Law, organize a technical training to the Parliamentary Finance Committee, and organize the factoring law outreach
- Organize internal briefing for the MoFE on the role of NBFIs. In addition to that, organize workshop on the NBFIs' role for a broader group of stakeholders
- Assist MoFE to start development of new financing support programs
- Finish the second phase of improve valuation of collateral via joint work with NBS
- Start initial engagement of business associations to advocate for access to finance reforms
- Work on building awareness/outreach on the access to finance for SMEs
- Work on improving government debt market in order to achieve more diversified demand side
- Chose a vendor for Securities Commission IT system, and start with a joint design phase of implementation
- Assist the MoFE in mapping challenges in new capital market regulation implementation in order to make further improvements
- Organize a workshop for newly establish working group on commodity exchange regulation
- Review the first draft of the Commodity Law

## ATTACHMENT 1: BEP WORK ORGANIZATION



## ATTACHMENT 2: LIST OF MEDIA PUBLICATIONS

No.	Date	Publication/Outlet	Title	reach
1	01. 10. 2012	Kurir Go International	EU funds – a chance for small Serbian businesses	
2	01. 10. 2012	Biznis & Finansije	Half business	
3	01. 10. 2012	Ekonometar	Serbian Economy barely operates	
4	03. 10. 2012	Danas - Poslovi	Support	
5	08. 10. 2012	www.vibilia.rs	USAID BEP: Serbian Economy barely operates	
6	11. 10. 2012	www.glassrbije.org	SME's Access to Finance	
7	15. 10. 2012	Večernje novosti	Support to businesses	
8	15. 10. 2012	Magazin biznis	How to get funds for development	
9	17. 10. 2012	Danas	Personalized system	
10	22. 10. 2012	Danas	More than 50% unemployed	
11	22. 10. 2012	www.bizlife.rs	More flexible law - bigger employment	
12	22. 10. 2012	www.bizlife.rs	More flexible law - bigger employment	
13	23. 10. 2012	www.bizlife.rs	290.000 people in the last 4 years lost their employment	
14	24. 10. 2012	Danas	More than 50% unemployed youngsters	
15	25. 10. 2012	Press	Work force without experience	396000
16	26. 10. 2012	Happy TV	Construction permits area must be reformed	
17	29. 10. 2012	Večernje novosti	Construction	590000
18	30. 10. 2012	TV Studio B	Vlajko Senic on Program Budgeting	
19	30. 10. 2012	TV Studio B	Vlajko Senić - announcement of the USAID BEP event	
20	01. 11. 2012	www.blic.rs	Lowther - Businesses are less optimistic	
21	01. 11. 2012	RTS 1	Joe Lowther - Morning news	
22	01. 11. 2012	www.economy.rs	USAID: Businesses less optimistic than the last year	
23	01. 11. 2012	www.rts.rs	Businesses are less optimistic	
24	01. 11. 2012	www.bizlife.rs	Lowther: Businesses less optimistic than the last year	
25	01. 11. 2012	www.glassrbije.org	Kirby: Serbia and USA can cooperate better	
26	01. 11. 2012	www.infogo.biz	Businesses less optimistic than the last year	
27	01. 11. 2012	www.tanjug.rs	USAID: Businesses less optimistic than the last year	
28	01. 11. 2012	www.tanjug.rs	Senic: The State is leaving the business	

29	01. 11. 2012	www.akter.co.rs	Senic: The State is leaving the business	
30	01. 11. 2012	www.bizlife.rs	Senic: The State is leaving the business	
31	01. 11. 2012	www.b92.net	Senic: The State is leaving the business	
32	01. 11. 2012	www.beta.rs	Senic: The goal of the State is to leave the business	
33	01. 11. 2012	www.akter.co.rs	Businesses are less optimistic	
34	01. 11. 2012	www.politika.rs	Kirby: Serbia and USA can cooperate better	
35	01. 11. 2012	Happy TV	Entrepreneurs' problem in Serbia	
36	01. 11. 2012	RTS 1	Bureaucracy stops business to grow	
37	01. 11. 2012	www.dnevnik.rs	The businesses are planning to sack people	
38	01. 11. 2012	www.pressonline.rs	Lowther: Businesses less optimistic than the last year	
39	01. 11. 2012	www.rtv.rs	Senic: The goal of the State is to leave the business	
40	01. 11. 2012	www.pressonline.rs	Senic: The goal of the State is to leave the business	
41	01. 11. 2012	TV Svet Plus	Senic: The goal of the State is to leave the business	
42	01. 11. 2012	www.dnevnik.rs	The businesses are planning to sack people	
43	02. 11. 2012	Dnevnik	The businesses are planning to sack people	
44	02. 11. 2012	Blic	Business claim that corruption affects them	296000
45	02. 11. 2012	Politika	USA and Serbia can develop economic cooperation	155000
46	02. 11. 2012	Narodne novine	Corruption affects business less	
47	02. 11. 2012	Press	Corruption, bureaucracy, high inflation and exchange rate volatility affect heavily Serbian businesses	396000
48	02. 11. 2012	Privredni pregled	Inflation and high taxes are stopping growth	
49	02. 11. 2012	www.biznisnovine.com	Corruption, bureaucracy, high inflation and exchange rate volatility affect heavily Serbian businesses	
50	05. 11. 2012	Privredni pregled	high inflation and exchange rate volatility affect heavily Serbian businesses	
51	05. 11. 2012	www.pregled.rs	high inflation and exchange rate volatility affect heavily Serbian businesses	
52	08. 11. 2012	www.tanjug.rs	PPP is a huge potential for development	
53	08. 11. 2012	www.b92.net	PPP as a cure for the crisis	
54	08. 11. 2012	www.ekapija.com	PPP is a huge potential for development	
55	14. 11. 2012	Alo!	This is Serbia	
56	15. 11. 2012	Novi Magazin	Public Debt meter	

57	15. 11. 2012	Magazin biznis	Serbian businesses less optimistic
58	15. 11. 2012	Magazin biznis	Bureaucratic adventure still gores
59	20. 11. 2012	Dnevnik	Fear of the scams stops investments
60	20. 11. 2012	Večernje novosti - Vojvodina	Serbian business less optimistic
61	20. 11. 2012	www.bifonline.rs	AmCham and Government - let us continue the reforms
62	20. 11. 2012	www.vibilia.rs	First lap - Continue the reform processes
63	20. 11. 2012	www.bizlife.rs	New era in public private dialogue
64	20. 11. 2012	Radio Beograd 1	Labor law changes
65	20. 11. 2012	www.mogucasrbija.rs	Public private partnership - new era
66	21. 11. 2012	Danas	Kirby: We will continue the support
67	21. 11. 2012	www.ekapija.com	Government will keep up the reforms pace
68	22. 11. 2012	Novi Magazin	Only 20% gave bribery
69	28. 11. 2012	www.bizlife.rs	Construction permits in Serbia: An Adventure
70	29. 11. 2012	Novi Magazin	It can hardly be worst
71	30. 11. 2012	www.b92.net	Senic: businesses will get 500 million €
72	30. 11. 2012	www.blic.rs	Kirby: people is not happy, but the verdict does not affect relations between USA and Serbia
73	30. 11. 2012	www.kurir-info.rs	the verdict does not affect relations between USA and Serbia
74	30. 11. 2012	www.beta.rs	the verdict does not affect relations between USA and Serbia
75	30. 11. 2012	www.akter.co.rs	the verdict does not affect relations between USA and Serbia
76	30. 11. 2012	www.akter.co.rs	SENIC: businesses will get 500 million € in cooperation with EIB
77	30. 11. 2012	www.tanjug.rs	SENIC: businesses will get 500 million € in cooperation with EIB
78	30. 11. 2012	www.b92.net	Businesses are not exporting that much
79	30. 11. 2012	www.vesti-online.com	the verdict does not affect relations between USA and Serbia
80	30. 11. 2012	www.krediti.rs	USAID: Better Access to Finance
81	30. 11. 2012	www.mondo.rs	the verdict does not affect relations between USA and Serbia
82	30. 11. 2012	www.naslovi.net	the verdict does not affect relations between USA and Serbia
83	30. 11. 2012	www.b92.net	the verdict does not affect relations between USA and Serbia

84	30. 11. 2012	www.novimagazin.rs	the verdict does not affect relations between USA and Serbia
85	30. 11. 2012	www.pressonline.rs	the verdict does not affect relations between USA and Serbia
86	30. 11. 2012	www.tanjug.rs	the verdict does not affect relations between USA and Serbia
87	30. 11. 2012	www.tanjug.rs	USAID: Better Access to Finance
88	30. 11. 2012	www.biznisnovine.com	Senic: businesses will get 500 million €
89	30. 11. 2012	www.bifonline.rs	USAID: Better Access to Finance for SMEs in Serbia
90	30. 11. 2012	www.bizlife.rs	USAID White Paper for Financing the growth of SME's
91	30. 11. 2012	www.vibilia.rs	USAID presented the White paper and the Study for Financing the growth of SME's
92	30. 11. 2012	www.nspm.rs	the verdict does not affect relations between USA and Serbia
93	30. 11. 2012	www.dnevnik.rs	SENIC: businesses will get 500 million € in cooperation with EIB
94	30. 11. 2012	www.b92.net	SENIC: businesses will get 500 million € in cooperation with EIB
95	30. 11. 2012	www.rts.rs	New credit line for Serbian businesses
96	30. 11. 2012	TV B92	Key issue: Keep the SME grow
97	30. 11. 2012	www.novinenovosadske.rs	Businesses are not exporting that much
98	30. 11. 2012	www.totalportal.rs	Kirby: people is not happy, but the verdict does not affect relations between USA and Serbia
99	30. 11. 2012	www.totalportal.rs	Kirby: people is not happy, but the verdict does not affect relations between USA and Serbia
100	30. 11. 2012	http://cityofnis.rs	Kirby: people is not happy, but the verdict does not affect relations between USA and Serbia
101	30. 11. 2012	www.danas.rs	Kirby: people is not happy, but the verdict does not affect relations between USA and Serbia
102	30. 11. 2012	RTS 1	SME's need more financing
103	30. 11. 2012	TV Pink	NBS and MOFE are working on solving problems
104	30. 11. 2012	www.kamatica.com	SENIC: businesses will get 500 million € in cooperation with EIB
105	30. 11. 2012	www.kredit.rs	SENIC: businesses will get 500 million € in cooperation with EIB

106	30. 11. 2012	www.izazov.com	Kirby: The verdict will not affect the dialogue	
107	01. 12. 2012	Večernje novosti	Problems in financing	590000
108	01. 12. 2012	Blic	More acceptable credit lines for SMEs	296000
109	01. 12. 2012	Politika	Kirby: The verdict will not affect the dialogue	155500
110	01. 12. 2012	Danas	Kirby: The verdict will not affect the dialogue	
111	01. 12. 2012	www.glaskragujevca.net	Kirby: USA and Serbia relations are good	
112	01. 12. 2012	www.glasamerike.net	Kirby: USA and Serbia relations are good	
113	01. 12. 2012	Narodne novine	Kirby: USA and Serbia relations are good	
114	01. 12. 2012	www.mondo.rs	And from the godfather – Start Up credit	
115	01. 12. 2012	Ekonometar	More support from the GoS	
116	01. 12. 2012	Ekonometar	corporate codex	
117	01. 12. 2012	Market Network	Illiquidity and bureaucracy	
118	03. 12. 2012	Privredni pregled	Getting finance is a problem	
119	04. 12. 2012	Dnevnik	Awake the SMEs	
120	05. 12. 2012	Narodne novine	Less papers for sick leave	
121	05. 12. 2012	www.vibilia.rs	USAID: Less optimism is a result of the global crisi as well	
122	08. 12. 2012	Politika	The structure of the Public debt is problematic	
123	09. 12. 2012	www.naslovi.net	Mijatovic: The current labor law stops new employment	
124	10. 12. 2012	www.pregled.rs	Mijatovic: The current labor law stops new employment	
125	12. 12. 2012	RTS 1	Ask When - construction permits	
126	12. 12. 2012	www.rts.rs	Faster to construction permits	
127	12. 12. 2012	http://vestisrbija.info	Faster to construction permits	
128	12. 12. 2012	www.ekapija.com	labor law changes for new employment	
129	13. 12. 2012	Nin	Millions	53000
130	14. 12. 2012	Politika	Serbia has 1.7 million employees	155000
131	14. 12. 2012	www.vibilia.rs	USAID: Bureaucracy - Key obstacle for the construction permits	
132	14. 12. 2012	Informer	50% of the working population with no job	
133	14. 12. 2012	Privredni pregled	Unemployment must be stopped	
134	14. 12. 2012	Blic	Unemployment must be stopped	296000
135	14. 12. 2012	www.vibilia.rs	USAID: labor law changes for new employment	



136	14. 12. 2012	www.bifonline.rs	USAID: Serbia needs labor law reform
137	14. 12. 2012	RTS 1	Serbia still has construction permits problem
138	15. 12. 2012	Magazin biznis	We still do not have optimal business environment
139	15. 12. 2012	Magazin biznis	Unemployment can be reduced
140	15. 12. 2012	Biznis & Finansije	Construction permits in Serbia: An Adventure
141	15. 12. 2012	Profit	USAID recommendations on financing the growth of SMEs
142	18. 12. 2012	Danas	labor law changes for new employment
143	18. 12. 2012	Alo!	USAID: labor law changes for new employment
144	18. 12. 2012	Politika	USAID: labor law changes for new 155000 employment
145	19. 12. 2012	TV Most NS	NALED Gray book
146	19. 12. 2012	TV KCN	NALED Gray book
147	19. 12. 2012	Radio Novi Sad 1	76 procedures are to be removed or changed
148	19. 12. 2012	www.bifonline.rs	NALED remove the health books
149	19. 12. 2012	www.vestidana.info	Remove the work and health books
150	19. 12. 2012	www.nadlanu.com	Remove the work and health books
151	19. 12. 2012	Vesti.aladin.info	Remove the work and health books
152	19. 12. 2012	www.svevesti.com	Remove the work and health books
153	19. 12. 2012	www.media1.rs	Remove the work and health books
154	19. 12. 2012	Vesti.krstarica.com (WEB)	Remove the work and health books
155	19. 12. 2012	www.kanal9tv.com	Why do we need work and health books?
156	19. 12. 2012	www.politika.rs	NALED recommends : Remove the work and health books
157	19. 12. 2012	www.dnevnik.rs	NALED recommends : Remove the work and health books
158	19. 12. 2012	www.radiocity.rs	NALED recommends : Remove the work and health books
159	19. 12. 2012	www.najvesti.com	NALED recommends : Remove the work and health books
160	19. 12. 2012	www.danas.rs	Why do we need work and health books?
161	19. 12. 2012	www.rtv.rs	Why do we need work and health books?
162	19. 12. 2012	www.najvesti.com	Why do we need work and health books?
163	19. 12. 2012	http://vestisrbija.info	Why do we need work and health books?
164	19. 12. 2012	www.mondo.rs	Why do we need work and health books?

165	19. 12. 2012	www.najvesti.com	Why do we need work and health books?	
166	19. 12. 2012	www.025info.rs	Why do we need work and health books?	
167	19. 12. 2012	www.novosti.rs	Why do we need work and health books?	
168	19. 12. 2012	www.jugpress.com	Why do we need work and health books?	
169	19. 12. 2012	www.tanjug.rs	Why do we need work and health books?	
170	19. 12. 2012	www.mc.kcbor.net	Why do we need work and health books?	
171	19. 12. 2012	Radio Beograd 1	NALED recommends : Remove the work and health books	
172	19. 12. 2012	www.rtvbor.rs	NALED recommends : Remove the work and health books	
173	19. 12. 2012	www.mc.kcbor.net	NALED recommends : Remove the work and health books	
174	19. 12. 2012	www.danas.rs	NALED recommends : Remove the work and health books	
175	19. 12. 2012	Vesti.krstarica.com (WEB)	NALED recommends : Remove the work and health books	
176	19. 12. 2012	http://bktvnews.com	NALED recommends : Remove the work and health books	
177	19. 12. 2012	http://vestisrbija.info	NALED recommends : Remove the work and health books	
178	19. 12. 2012	http://vestisrbija.info	NALED recommends : Remove the work and health books	
179	19. 12. 2012	www.danas.rs	NALED recommends : Remove the work and health books	
180	19. 12. 2012	www.bizlife.rs	NALED recommends : Remove the work and health books	
181	19. 12. 2012	www.vesti-online.com	NALED recommends : Remove the work and health books	
182	19. 12. 2012	www.rts.rs	NALED recommends : Remove the work and health books	
183	19. 12. 2012	www.najvesti.com	NALED recommends : Remove the work and health books	
184	19. 12. 2012	www.akter.co.rs	Work book will not be removed!	
185	20. 12. 2012	Nin	Factoring - powerful weapon for liquidity	53000
186	20. 12. 2012	TV KCN	NALED recommends : Remove the work and health books	
187	20. 12. 2012	Informer	Work book will not be removed!	
188	20. 12. 2012	Privredni pregled	NALED recommends : Remove the work and health books	
189	20. 12. 2012	Politika	Ministry: Work book will not be removed!	155000
190	20. 12. 2012	24 sata	Remove the work and health books	238000

191	20. 12. 2012	Danas	Remove the work and health books	
192	20. 12. 2012	Narodne novine	Work book will not be removed!	
193	20. 12. 2012	Alo!	Remove the work and health books	
194	20. 12. 2012	San	Remove the work and health books	
195	20. 12. 2012	Dnevnik	Remove the work and health books	
196	20. 12. 2012	TV Studio B	Toplica Spasojević - Gray book	
197	20. 12. 2012	www.danas.rs	NALED and USAID presenting the Gray book	
198	20. 12. 2012	www.radiod65.co.rs	Why do we need work and health books?	
199	20. 12. 2012	www.radiocentar987.com	NALED recommends : Remove the work and health books	
200	20. 12. 2012	www.inkluzija.gov.rs	NALED recommends : Remove the work and health books	
201	21. 12. 2012	Privredni pregled	Gray book and top reformer	
202	21. 12. 2012	Danas	Work book is useless	
203	21. 12. 2012	Dnevnik	Work book is useless	
204	21. 12. 2012	www.prelistavanje.com	Gray book and top reformer	
205	21. 12. 2012	www.rtv.rs	Gray book and top reformer	
206	21. 12. 2012	www.radiod65.co.rs	Gray book and top reformer	
207	21. 12. 2012	RTS 1	Gray book and top reformer	
208	21. 12. 2012	TV Svet Plus	Gray book and top reformer	
209	22. 12. 2012	Danas	Battle for Construction Permits	
210	22. 12. 2012	www.b92.net	USAID to Gos - 50 recommendations	
211	22. 12. 2012	www.beta.rs	USAID to Gos - 50 recommendations	
212	22. 12. 2012	www.danas.rs	USAID to Gos - 50 recommendations	
213	22. 12. 2012	http://sr.wikinews.org	USAID to Gos - 50 recommendations	
214	22. 12. 2012	www.akter.co.rs	USAID to Gos - 50 recommendations	
215	23. 12. 2012	Blic	USAID to Gos - 50 recommendations	296000
216	23. 12. 2012	Kurir	USAID to Gos - 50 recommendations	
217	23. 12. 2012	RTS 1	We presented the White paper	
218	24. 12. 2012	Kurir	reform the Law	
				4275500

### ATTACHMENT 3: PROGRESS VERSUS WORKPLAN

Component 1: Business Regulation and Economic Governance				
Task	Activities	Activity Period	Deliverables	Status
<b>Objective 1: Improve and streamline business regulation</b>				
1. Improve Inspections Operations and Organization	Conduct an overall baseline assessment of the inspections system in Serbia.	April-July 2011	Baseline Assessment on Inspections	Roundtables in five municipalities completed. National level conference held. Five focus group meetings held. Assessment completed.
	Provide technical assistance for implementation of 2010 recommendations for streamlining inspections that GoS has adopted, including: a) the appointment of the Coordination Body for inspections reform and b) development of the Inspections Reform Strategy and Action Plan	April-October 2011	Strategy and Action Plan	Inspections Reform Coordination Body established, met once, but discontinued its work following parliamentary inspections. With the BEP provided support, the Draft of the Inspection Reform Strategy developed.
	Assist GoS Working Group with development of the Inspections Reform Strategy (the Program).	Jan - April 2012	Strategy for Inspections Reform	Draft of the Inspection Reform Strategy developed.
	Assist the implementation of the Inspections Reform Strategy, including increasing transparency, streamlining regulations, establishing coordination between inspections and decreasing the number of steps and procedures.	October 2011-April 2012	Pilot public web based portal for inspections; Report on reduction of number of procedures and steps	Activity expected to start after securing commitment from representatives of relevant ministries for implementation of the of the e-Inspections IT platform.
	Provide technical assistance for the development of the legal and regulatory framework for implementation of the Inspections Reform Strategy.	Mar 2012 – Jan 2013	Draft laws and bylaws for implementation of the inspection reform.	Draft of the Outline of the Future Inspections Law prepared and shared with the inspections reform Leadership Group. Senior officials of the Ministry of Justice and State Administration and other ministries relevant for legislating inspections reform took to the study visit,

Component 1: Business Regulation and Economic Governance				
Task	Activities	Activity Period	Deliverables	Status
				including international inspections reform conference.
	Provide technical assistance for the development of the Action Plan for the Inspections Reform Strategy (the Program).	Feb - November 2012	Action Plan for Inspections Reform	Activity expected to start following appointment of the new GoS inspections reform working group.
	Assist the implementation of the pilot project for the Inspections Reform, targeted at increasing transparency, establishing coordination between inspections and decreasing the number of steps and procedures.	Jan - April 2012	Reformed inspections mechanism for selected inspectorates	TOR for the new e-Inspections system has been developed. Its release is awaiting confirmation of commitment by relevant ministries.
	Conduct an outreach campaign to raise public support for inspections reform	Mar 2012 – Jan 2013	Inspections reform outreach campaign	Outreach campaign in progress.
2. Remove or reduce quasi fiscal burdens to businesses	Develop an inventory and analysis of cost of charges and fees imposed on businesses by GoS entities	April-June 2011	Inventory of Charges and Fees	Inventory and analysis completed.
	Facilitate stakeholders' discussion on the cost and lack of predictability and certainty of charges and fees on local and national level and develop solutions	May-July 2011	Issue-Tracker; Report on proposed solutions	1. First discussion took place on April 19. Outreach campaign started with the second TV clip for the campaign "Ask When" focused on para-fiscal charges. It is broadcasted on the main national television station RTS at prime time which resulted with suspension of 138 para-fiscals. Other public private dialogue activities started with III Annual PPP Summit in November 2012.
	Advocate for changes in relevant legislation and practice	July–November 2011	Media and other communications; Roundtables and Conferences	Activity started on April 19 and continues mainly through outreach activities.
	Assist in preparation of legislative and procedural solutions, based on stakeholders dialogue	November 2011 – March 2012	Legislation to remove or limit charges and fees	Activity expected to take after formation of the new Government. The Government of Serbia formed a Working Group to remove para-



**Component 1: Business Regulation and Economic Governance**

Task	Activities	Activity Period	Deliverables	Status
				fiscal charges and appointed USAID's BEP's representative as a member of the Group. BEP has provided additional consultancy support through local STTA. The necessary legislation (that eliminated 138 para-fiscals) was drafted by the Working Group and was enacted on September 2012.
	Conduct an outreach campaign to support removal of quasi fiscal charges using the inventory and analysis of cost of charges and fees imposed on businesses by GoS entities	Feb - December 2012	Outreach campaign on para-fiscal charges	Ongoing, outreach campaign started with the second TV clip for the campaign "Ask When" focused on para-fiscal charges. It is broadcasted on the main national television station RTS at prime time which contributed to the elimination of 138 para-fiscals.
	Assist stakeholders in discussing and development of the solutions for reducing the cost and for dealing with the lack of predictability and certainty of charges and fees on local and national level	March - December 2012	Public discussion on solutions for quasi fiscal charges	Activity started following April 19 presentation, followed by the Round Table "Lower levies for greater investments", organized by the Economic Institute under the USAID BEP grant in September 2012, and will be continued.
	Provide technical assistance for further development of proposals for streamlining quasi fiscal charges.	March – December 2012	Proposals for streamlining para-fiscal charges.	The Government of Serbia formed a Working Group to remove para-fiscal charges and appointed USAID's BEP's representative as a member of the Group. The necessary legislation (that eliminated 138 para-fiscals) was drafted by the Working Group and was enacted on September 2012.
3. Assist implementation	Finalize the bylaws needed for the implementation of the Enforcement Law	April-July 2011	Enforcement bylaws	All bylaws are adopted.

**Component 1: Business Regulation and Economic Governance**

Task	Activities	Activity Period	Deliverables	Status
of the Law on Enforcement (adoption expected in April)			drafted and adopted	
	Develop and conduct training program for future Private Enforcement Officers (PEOs) and procedure for appointment of PEOs	April 2011 – November 2011	Training program (app. 300 PEOs trained)	Training program developed and training delivered. Appointment procedure established and implemented.
	Develop system for appointment and supervision of PEOs, including establishment of MoJ unit to oversee PEOs (training and procedures), organize exam	April 2011 – April 2012	MoJ Enforcement Supervision Unit operational First PEOs exam	System for appointment of PEOs established. Supervision performed by the Chamber of Enforcement Officers. Group of MoJ officers is designated to deal with the enforcement sector, without being organized into separate organizational unit.
	Finalize the bylaws needed for the implementation of the Enforcement Law	Jan - May 2012	Bylaws needed for the implementation of the Enforcement Law	All bylaws are adopted.
	Develop the Curriculum and training manuals and materials for continuing education of Professional Enforcement Officers (PEOs) and conduct the first training program for the first body of appointed PEOs	Jan - June 2012	The first training program for the first body of appointed PEOs	Training manual developed and training delivered.
	Conduct and outreach campaign to promote the new PEOs profession and overall enforcement reform	Sept – November 2012	Outreach campaign on new PEOs profession	Outreach campaign implemented in partnership with the MoJ.
	Develop system, including internal procedures and establishment of Disciplinary Commission, for appointment and supervision of PEOs and assist in establishment and capacity building of MoJ unit to oversee PEOs	Jan-Nov 2012	Functional Disciplinary Commission and MoJPEO unit	System for appointment of PEOs established. Supervision performed by the Chamber of Enforcement Officers (already operational) and the MoJ. Group of MoJ officers is designated to deal with the enforcement sector, without being organized into separate organizational unit.

**Component 1: Business Regulation and Economic Governance**

Task	Activities	Activity Period	Deliverables	Status
4. Streamline Construction Permitting	Conduct research on Construction Permits Procedures Priority Constraints and facilitate stakeholders dialogue to develop priority list and action plan for improvements in legislation and practice	April 2011 – February 2012	Report on Construction Permits Procedures Priority Constraints; Issue-Tracker and Action Plan	➤ Report on Construction Permits Procedures Priority Constraints is completed. A proposal for re-engineered permitting procedures and the „roadmap“ for the GoS and other stakeholders to use in implementing construction permits reforms is still in the final stage of drafting;
	Assist the Ministry of Environment and Spatial Planning (MESMP) in developing bylaws and Official Opinions for the proper implementation of the new Law on Planning and Construction	April 2011 – April 2012	Bylaws and Official Opinions drafted and adopted / issued	Focus on conversion decree resulted in adoption of that bylaw with support from BEP in terms of facilitating public discussion and providing the technical assistance in developing the decree. MEMSP created special web-based mechanism for prompt issuance of opinions for implementation of the LPC.
	Conduct pilot RIA for selected MESMP bylaws	April 2011 – April 2012	Pilot RIA conducted	First RIA on a bylaw will be prepared in Q1 of 2013.
	Use results of the research on Construction Permits Procedures Constraints to facilitate an outreach campaign and stakeholders dialogue to develop priority list and action plan for improvements in legislation and practice	Feb – Dec 2012	Outreach campaign on construction permits constraints, public private dialogue	Stakeholders' dialogue started with the presentation of the Draft Report and followed with the presentation of Assessment of Constraints to Construction Permits in Serbia in May 2012. Outreach campaign started with the third TV clip for the campaign "Ask When" focused on issuing constructing permit.
	Implement the system for tracking progress with adoption of spatial plans and for accessing the plans in the user friendly format	Jan – April 2012	Web based system for tracking planning	RFA for web based system for tracking planning documents

Component 1: Business Regulation and Economic Governance				
Task	Activities	Activity Period	Deliverables	Status
			documents	prepared, publishing of the RFA pending while waiting for confirmation of commitment .by relevant public authorities.
	Develop and promote an action plan for business processes improvement in one priority aspects of construction permitting, such as use of information technologies, urban planning mechanisms and role of public enterprises	April 2012 – January 2013	Action plan for business processes improvement in one priority aspects of construction permitting	In progress.
5. Reduce the employing workers burden	Develop studies on labor flexibility and on costs and productivity of labor in Serbia, with references to regional and best international practice, including analysis and set of recommendations for change	Feb 2012 – June 2012	Studies on labor flexibility and on costs and productivity of labor in Serbia	Study completed and publicly presented to the all social partners and stakeholders.
	Organize outreach campaign and public-private dialogue to inform decision makers, stakeholders and general public about the impact of current environment for labor market and about expected outcomes of proposed reforms	Sept – Dec 2012	Outreach campaign on environment for labor market	Public private dialogue is being prepared by the intensive private – private dialogue. Outreach campaign started in Q3 of 2012 and culminated with presentation of the study.
	Provide technical assistance for legal drafting related with labor legislation	Sept 2012 – January 2013	Drafts of legal acts for reducing the employing workers burden	Preparations for this activity started with intensive tripartite dialogue and especially with defining business sector's priorities for reforms.
Objective 2: Business Effectively Partners with Government in developing and implementing regulatory reforms				
1. Improve Public Private Dialogue	Facilitate improved dialogue between the GoS and businesses on regulatory reforms (on-going activity)	April 2011 – April 2012	Quarterly Coordination Meetings, Workshops & Roundtables, Business reps appointed members	Public private dialogue focused on dealing with para-fiscal charges, reforming construction permitting, inspections reform, promotion of PPPs, labor policy reforms and discussion of the future Code of Corporate Governance.

Component 1: Business Regulation and Economic Governance				
Task	Activities	Activity Period	Deliverables	Status
			of Drafting Work Groups in comm. law area	
	Conduct an Annual Survey of Business Community on major regulatory constraints	August 2012 – Dec 2012	20112Survey Results on Major Constraints to businesses	Completed, results presented at the national conference.
	Facilitate positioning of the forum of the heads of business associations in Serbia into an institutional mechanism to provide businesses' input on regulatory reforms and build support for increasing the impact and influence of this forum to reform decision makers	Jan – Nov 2012	Established RRO advisory group consisted of business associations representatives	Practice of consultative meetings between RRO and business associations established and sustained.
	Conduct Annual Business Survey continuing the practice started in the Year 1	August 2012 – Dec 2012	Annual Business Survey report	Annual Business Survey was conducted in November 2012
<b>Objective 3: Improve the regulatory review process and RIA process</b>				
2. Improve Quality and Quantity of Legislative and Regulatory Reforms	Conduct an Overall Standard Cost Model Study on the costs of regulatory constraints for doing business in Serbia	April 2011 – July 2011	Overall Standard Cost Model Study on business constraints	Completed, results presented at the national conference.
	Assist the GoS Secretariat in developing transparent Annual Legislative Action Plan	May 2011 – April 2012	Annual Legislative Action Plan Developed and publically available	Changes to the GoS Rules of Procedures discussed with the GoS General Secretariat and amendments to the Rules of Procedures are drafted accordingly and submitted to the General Secretariat.
	Assist the GoS Secretariat in streamlining drafting procedures and making them fully inclusive and transparent	May 2011 – April 2012	Amendments to the GoS Rules of Procedure New methodologies for inclusive and transparent drafting	Changes to the GoS Rules of Procedures discussed with the GoS General Secretariat and amendments to the Rules of Procedures are drafted accordingly and submitted to the General



Component 1: Business Regulation and Economic Governance				
Task	Activities	Activity Period	Deliverables	Status
				Secretariat.
	Assist in drafting and adoption of the National Strategy and Action Plan for 2011 – 2012	November 2011 – March 2012	Regulatory Reform Strategy and Action plan	Strategy Drafted and publically discussed with BEP support. Adoption pending.
	Support preparation of RIA for selected legislation (ongoing activity)	April 2011 – March 2012	Regulatory impact assessments	RIA supported by BEP will be most likely on the law on inspections and draft law on planning and construction.
	Assist the RRO in conducting RIA for selected legislation and bylaws (ongoing activity)	Jan 2012 – Jan 2013	Standard Cost Model Studies on the costs of particular regulatory constraints for doing business in Serbia	RIA supported by BEP will be most likely on the law on inspections and draft law on planning and construction.
	Assist implementation of the National Regulatory Reform Strategy and Action Plan for 2011 - 2012	Jan 2012 – Jan 2013	Annual report on the Strategy implementation	This activity will start upon adoption of the NRRS
	Assist RRO's capacity building and support its outreach and promotion activities	Feb 2012 – Jan 2013		Ongoing activities.
<b>Objective 4: Create enabling environment for PPPs</b>				
1.	Facilitate public private dialogue on the bylaws stemming from the PPP and concessions and utility activities law	Feb – Jun 2012	Roundtables, working group meetings, public discussions, consultations	Public Private dialogue started with III Annual PPP Summit and continued with activities such as promotion of PPPs in Zrenjanin. and presentation and discussion on the PPP paper published in the FREN's Quarterly Monitor.
	Provide technical assistance for drafting bylaws stemming from the PPP and concessions and utility activities law	Feb – Jun 2012	Drafts of bylaws stemming from the PPP and concessions and utility activities law	Ongoing – technical assistance so far provided regarding development of the Communal Charge Decree and the Value for Money (VfM) Methodology.

Component 1: Business Regulation and Economic Governance				
Task	Activities	Activity Period	Deliverables	Status
	Assist the PPP Commission in developing the PPP and concessions methodologies	Jan – Jun 2012	PPP and concessions methodologies	First draft of the VfM Methodology is completed, public presentation and discussion on it tentatively scheduled for January 28, 2012.
2. Build interest and capacities of public and private partners to engage in PPPs	training to the members of the Commission (including a study tour in a CEE country)	Jun – November 2012	Training, study tour	This activity is delayed for 2013, awaiting the PPP Commission becoming operational again after personal changes in the second half of 2012-
	Organize an outreach campaign to educate stakeholders and general public on potential and challenges related with PPPs	Oct – Dec 2012	Outreach campaign on potential and challenges related with PPPs	Education of stakeholders and general public started on November 2012 with III Annual PPP Summit and continued with the promotion of the PPPs in Zrenjanin.
	Organize the “Governments and Businesses Talk Partnerships” road show to train public authorities and potential investors on the possibilities created with the PPP legislation.	Jun – November 2012	Training/regional presentations	This activity will start in the first half of 2012, assuming stakeholders’ active involvement.
<b>Objective 5: Improve Corporate Governance Policies, Standards and Regulations</b>				
1. Support implementation of the new Company Law (adoption expected by June)	Assist GoS in drafting bylaws needed for the implementation of the provisions on Corporate Governance in the new Company Law	October 2011 – January 2012	Bylaws	The new Code of Corporate Governance adopted and published in the Official Gazette.
	Develop Curriculum and train Commercial Court judges on implementation of the new Company Law	October 2011 – April 2012	Training for Judges	Curriculum developed and 36 judges trained.
	Information dissemination on the company law to business community	Sept. 2011 – April 2012	Brochure, media outreach	This activity was completed through implementation of the grant for training of Commercial Court judges
	Assist development and popularization of the new Code of Corporate Governance.	Jan – Apr 2012	New Code of Corporate Governance	New Code of Corporate Governance publically released in November 2012.

Component 1: Business Regulation and Economic Governance				
Task	Activities	Activity Period	Deliverables	Status
Communications and Outreach Activities				
Outreach to General Public on the findings of the SCM Study and the Annual Business Survey (Task 2 and 3)		Sept 2011-ongoing		Implemented, resulting in extensive media coverage
Organize outreach activities to promote need for implementation of inspection reforms (Task 1.1)		June 2011-ongoing		Ongoing – started with five inspections reform roundtables and national level conference and continued with the press conference and number of media interviews
Raise awareness of decision makers on implications of para-fiscal impositions on competitiveness of Serbian economy (Task 1.2)		Sept 2011-ongoing		Ongoing, had culmination with the video on para-fiscals as a part of the Ask When campaign.
Raise awareness on competition constraints and their cost (Task 4.1)		Oct 2011-ongoing		Activities on this objective have been canceled
Assist outreach campaign on the importance and benefits of the new enforcement system (Task 1.3)		May 2011-ongoing		Completed – implemented in partnership with the MoJ.
Enable journalists to learn more about economic topics and economic reforms needed in Serbia (Task 2.1)		Ongoing		Ongoing – all of the Component 1 activities, with exception of the 5 focus groups on inspections and certain activities related with the labor policy include media information element.
Promote regulatory reform initiatives (maintaining regular contacts with media, designing the content and maintaining the BEP website, communicating regularly with USAID)		Ongoing		Ongoing.
Information dissemination on corporate governance to business community (Task 5.1)		Ongoing	.	Completed.
Advocacy for inspections reform		January – December 2012		Ongoing
Outreach campaign for quasi-fiscal charges		February – December 2012	Grant	Ongoing, had culmination with the video on para-fiscals as a part of the Ask When campaign.
Constructions permits – outreach on problems and solutions		March – December	Grant	Outreach campaign started with promotion of the Draft Report on

Component 1: Business Regulation and Economic Governance				
Task	Activities	Activity Period	Deliverables	Status
		2012		Construction Permitting, continued with the presentation of Assessment of Constraints to Construction Permits in Serbia in May 2012 and the third TV clip for the campaign "Ask When" focused on issuing constructing permit.
Labor policy outreach		March – December 2012		Outreach campaign started with the presentation of the Study.
PPP road show and other outreach		June – December 2012	Grant	Outreach started with III Annual PPP Summit and continued with activities such as promotion of PPPs in Zrenjanin.
Outreach campaign for enforcement of judgments procedures and PEOs		January – October 2012		Outreach implemented in partnership with the MoJ. Completed?
Publicize results of BEP Survey of Businesses		October – December 2012		completed
Gender Integration Activities				
Inclusion of gender analysis in RIA		Ongoing		Ongoing
Analysis of gender impact of legislation and regulations supported by Project		Ongoing		Ongoing

Component 2: Macroeconomic Policy and Public Financial Management				
Task	Activities	Activity Period	Deliverables	Status
<b>Objective 1: Improve GoS budgeting, fiscal policy analysis, and financial management efficiency</b>				
1. Capacity building assistance to the Fiscal Council and Improvements to fiscal responsibility	Technical assistance and capacity building to help expand the FC's analytical scope to address: Medium-Term Objectives (MTOs), new fiscal adjustment reforms, and overall improvements to public sector financial management.	Jan - April 2012	Ongoing Technical Assistance MTFAR document	BEP Assisted Fiscal Council in Preparation of Assessment of the Draft Budget Law for 2013 and Assessment of the Fiscal Strategy, which Fiscal Council presented at a press conference on November 13. BEP's STTA Milojko Arsic and Sasa Randjelovic assisted the Fiscal Council in preparing the assessments.  For the next year, BEP plans to provide capacity building assistance to create Demographic, Pension, and Aging Models, for which Fiscal Council already started with preparations.
	Support for tactical research that will help the FC improve fiscal policies and advance economic development	2012	Policy Notes and Research Advisory Papers	The first draft of the shadow economy study, which was recommended by the Fiscal Council as an important tactical research, is expected at the end of December 2012. Study should provide useful information on new fiscal policies that the FC is currently evaluating.  The study on State Aid has been delayed due to the grantee having difficulties obtaining necessary information. Efforts are being made to access the information.



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Task	Activities	Activity Period	Deliverables	Status
				C1 and C2 gave their comments on a draft of De-Agencification Study and finalization of this work is expected in January 2013. This work is a follow up to the Fiscal Council's "Own Revenues of Budget Users and Out-of-Budget Funds" analysis published in "Fiscal Consolidation 2012-2016".
	Assist in strengthening public awareness and dialogue on the role and importance of the FC.	2012	Conferences, debates, policy notes, public dialogue	<p>Despite the general intention of scaling down the efforts in this area, a couple of activities undertaken this quarter helped to promote the FC.</p> <p>National Budget Forum co-organized by BEP under title "Towards a Higher Transparency and Control of the Budget Process" at the Parliament featured the Fiscal Council in a debate on the budget process, transparency, control and fiscal policies. Further activities are planned.</p> <p>Additionally, BEP also provided advisory support to the FC that has allowed it to receive a wide media attention following its press conference on assessment of draft budget 2013 and review of the government's fiscal strategy. A considerable amount of the analysis receiving media attention was</p>

Component 2: Macroeconomic Policy and Public Financial Management				
Task	Activities	Activity Period	Deliverables	Status
				performed by BEP advisors.
2. Improvements to MoF Fiscal Analysis and Strategy	Finalization of written guidelines for structural and cyclically adjusted deficit projections and debt sustainability analysis.	Jan - April 2012	Trainings and Training Materials	Completed in Q2. Please refer to Q2 report.
	Study tour to 1-2 countries in the region to learn how to apply fiscal analysis to policymaking processes (e.g. Croatia, Slovenia, and/or Austria)  <b>[note: this is Year 1 Work Plan's activity, Study Tour was completed in January under the Work Plan for Year 1]</b>	Oct-Nov 2011	Study Tour	Study tour to Italy completed during January 2012. However, the MoFE has continued to benefit from the contacts and information it obtained from that effort. For example, BEP was able to execute assessment of the analytical capacity and needs of the MFD very quickly with one of the MoFE Italy economists introduced during that Study Tour.
	Build capacity of the Macro-Fiscal Department (MFD) of MoF to develop and apply econometric models and carry out comprehensive analysis of the public finance sustainability in the mid-term and long-term.	Jun - Dec 2012	Model, Training and Training Materials, Guidelines	During a two-day seminar delivered in November, the MFD team gained hands-on experience in econometric modeling and projecting government expenditures based on quarterly GDP. A two-day workshop in December focused on modeling the economy based on variables such as private and government consumption, fixed capital formation by private sector and government, stock building, exports and imports. Model for structural debt projection was also developed during this workshop and will be utilized in fiscal forecasting for the Pre-Accession Economic Program (PEP) Report - to be submitted to the EC in January.
	Assist the MoF to become a more effective policy-making institution by expanding its capacity to evaluate the impact of micro-fiscal policies on businesses and households.	Sept – Dec 2012	Model, Training and Training Materials, and Guidelines	A report delivered by BEP in Q3: "An Institutional Assessment and Recommendations for the Macro

Component 2: Macroeconomic Policy and Public Financial Management				
Task	Activities	Activity Period	Deliverables	Status
				Fiscal Department“, has been widely referenced in capacity building planning by the MFD, BEP, and the Office for European Integration – coordinating future EU support in this area. Based on the recommendations and resource commitment from the MFE, BEP intends to support development of the priority econometric models for the MFD and the FC in 2013.
3. Assistance to the GoS and Parliament to improving budget coordination and performance management	Use findings and recommendations from the “Study on Effective Use of Performance Indicators in Public Sector Budgeting and Planning” to train General Secretariat on use of performance indicators and to assist on further development of performance indicators on GoS programs.	March - Sept 2012	Training and Training Materials, Advisory notes High-level workshop	Completed in Q3. Please refer to Q3 report.
	Undertake donor coordination on outreach efforts to broaden public awareness and dialogue on strategic and performance-based budgeting and planning, to place the budget process reforms on the top of the GoS’ agenda, and perform analyses that support that cause. Initiate and maintain communication with other GoS stakeholders such as the Parliament, State Audit Institution, etc.	Feb - Dec 2012	Advisory Notes	BEP held series of consultations with stakeholders in the Parliament (Secretary General, Finance Committee Head, and Supporting Staff Head) and coordinated with other donor projects to identify and respond to the priority assistance needs related to strengthening the role of Parliament in budget decision-making.  BEP co-organized the National Budget Forum with the slogan "Towards a Higher Transparency and Control of the Budget Process" in December at the Parliament.  Representatives of BEP, WB, IMF, SECO, EC, and GIZ presented joint recommendations on improving

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Task	Activities	Activity Period	Deliverables	Status
				PFM to the MoFE in early December. The joint donor position was first initiated by in a gathering of donor projects to coordinate and leverage assistance efforts. The brief was welcomed by the MFE and will serve as the basis for PFM reform action plans and further cooperation of the donors and the Ministry
4. Assist the MoF Budget Department to develop capacity for improved transparency and program budgeting	Train the Budget Department, line ministries and other government institutions (i.e. State Audit Institution) on performance-based budgeting planning, managing, and monitoring skills. Assistance to the Budget Department to implement performance-based budgeting as opportunities arise.	2012	Training and Training Materials	BEP held meetings with the new Head of the Budget Department, the State Secretary in charge, and the Minister Dinkic to ensure the full commitment of the MoFE to transition to program budgeting and discuss implementation action plan and specific measures to move this initiative along.
	Assist the MoF to draft and distribute "A Citizen's Guide to the Budget" aimed at promoting public finance transparency and educating broader public on budgetary issues.	Feb - April 2012	Citizen's Guide to 2013 Budget	USAID BEP presented its work with the MoFE (through the grant to NGO BIRN) on development of a Citizen's Guide to the Budget at the at the National Budget Forum event in the Parliament, and gave participants a chance to provide feedback.
5. Improvements to Fiscal Policy, Strategy and Analysis	Joint training and capacity building for journalists and other stakeholders (like public relations and communications officials from GoS) to improve the quality of reporting and analysis of economic issues.	2012	Workshops Trainings and Training Materials	Grant "Journalist Education on Economic and Business Reforms", awarded to CLDS, has been completed. BEP is waiting for CLDS to propose the form and duration of the follow on activities.
	Strengthen public awareness and debate on key fiscal policy issues through various mechanisms including, public events, workshops, co-sponsorships of economic	2012	Research Paper Public Debate	Ongoing. FREN published and promoted the QM 30 issue. The

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Task	Activities	Activity Period	Deliverables	Status
	publications, Policy Café website.			<p>promotional event presented the analysis and papers in the QM and attracted media representatives. Three articles were funded by USAID BEP in this issue of which the one deals with fiscal policy: "Institutional framework for issuance of corporate bonds in Serbia":</p> <p>BEP grantee BDO produced drafted amendments to the regulations on state aid in area of employment, which means that the State aid schemes will be aligned with EU standards once the respective Amendments are adopted. However, the grantee has had difficulties in obtaining data necessary to assess state aid programs in economic area.</p>
<b>Objective 2: Improve public debt management and conditions for government financing</b>				
1. Improving conditions for public investment in and trading of government debt (See also Component 3)	Training and organizational improvements to strengthen the front office operations of the PDA based on findings and recommendations from planned review of organizational structure.	2012	Action plan	<p>The organizational diagnostic delivered in November (see Objective 2, Task 2, Activity 1 below) provides insights into, among other areas, the front office operation improvements. PDA, however, needs to now take initiative to implement recommendations from the study.</p> <p>Further, in cooperation with C3 we have started to evaluate market and infrastructure constraints related to government debt issuance and secondary market trading. This</p>



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Task	Activities	Activity Period	Deliverables	Status
				<p>activity is encouraged by the PDA Director and will support front office development.</p> <p>BEP also plans to organize a study tour in 2013 to get, among other things, the PDA staff acquainted with the advanced government securities auction platforms.</p>
	Assistance to the PDA to strengthen investor relations and public outreach about opportunities in central government and municipal debt.	2012	Action plan	<p>BEP and grantee Economics Institute opened public-private dialogue on increasing institutional demand for government securities denominated in dinars. It was concluded, during the December Roundtable "Institutional Demand For Government Securities: Constraints and Opportunities" that a coherent and consistent coordination of GoS and stakeholders is a condition for the success in reforming this area.</p> <p>This event provided inputs on multiple measures that BEP will tackle during its planned participation in the inter-governmental Working Group (PDA, NBS, MoF, Central Registry) to improve the market for government securities.</p>
2. Assistance to improve debt management systems, reporting, analysis, and	Organizational development and capacity assistance to strengthen PDA's middle and back offices in line with the international standards.	January 2012 – June 2012	Advisory Report on Organizational Diagnostic	BEP delivered final Organizational Diagnostic Study to the PDA Director with findings and recommendations for re-structuring the PDA's departments and processes, and

**Component 2: Macroeconomic Policy and Public Financial Management**

Task	Activities	Activity Period	Deliverables	Status
capacity				<p>pointing to the capacity building areas. The objective is for the PDA to become able to carry out a wider range of debt management functions, streamline processes, and introduce new internal controls. In order to become a world-class, investor-friendly institution, the PDA will need to take initiative and make organizational and process restructuring decisions. One recommendation is to increase the number of staff across departments as well as form a new department (IT) – and this Diagnostic Report could assist the PDA in building a strong case to the Ministry of Finance and Economy to authorize such expansion.</p> <p>In support of middle office, BEP is planning a second series of training, mostly for middle office staff to allow them to perform new functions as recommended in the diagnostic report (see next activity).</p> <p>In the back office, BEP continued to provide support for information system reform and automating operations around the debt stock and debt service reporting.</p>
	Ongoing training series and capacity building to PDA in debt management strategy, risk management, planning and operations.	2012	Trainings, Training Materials, Models, Handbooks,	BEP plans to deliver training from December 2012 to February 2013 to enable the PDA to develop debt

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Task	Activities	Activity Period	Deliverables	Status
			Hardware, Educational Materials, etc.	<p>sustainability analyses and analyze portfolio to predict problems related to debt servicing. This will help reduce risk and cost of debt to the GoS – and help drive down the costs of capital for private businesses.</p> <p>A study tour is also planned in 2013 to facilitate an active participation of PDA in the Public Debt Management Network, an initiative by OECD and the Italian Treasury. The goal is for key PDA staff to learn to apply advanced risk analysis to Serbia's portfolio.</p>
	Continued support for improvements to debt management systems and reporting and information management (e.g. TRASSET reform, advisory support on IT system enhancement, report template development, analytical models, etc.)	2012	<p>Periodic report on issue identification and resolution;</p> <p>New Reports created;</p> <p>User Requirements Outlined</p>	<p>For the first time ever, PDA is in charge of negotiating and contracting the annual maintenance of the debt system with the IT consulting company. Per request by the PDA Director, BEP delivered 70-page Technical Specifications for 1) annual debt system maintenance and 2) implementation of a new reporting module. BEP, thereby, defined a comprehensive and understandable scope for the maintenance and implementation services, proposed specific reorganization of help desk procedures, outlined service level agreement to better serve PDA's needs, specified new control mechanisms, all of which enables the PDA to make informed decisions on</p>

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Task	Activities	Activity Period	Deliverables	Status
				how to effectively manage its debt system. Should procurement finalize successfully, BEP will assist PDA with the monitoring of the execution of the maintenance contract particularly in the next 2-3 months during which all outstanding issues in the debt system should be resolved. This will enable the PDA staff to switch from Excel to TRASSET, immensely freeing the resources for advanced debt management functions.
	Assist the PDA in project managing the implementation of new modules and functionalities of its debt management system.	TBD	Regular Reports on Implementation Status and Undertaken Activities	Not started. TBD. PDA plans to enhance its debt system to include automated reporting. If PDA in fact makes decision on implementing the reporting module, which will be dependent on successful resolution of all outstanding issues in its debt system, BEP plans to help with the project and quality management of this endeavor.
<b>Objective 3: Improve macroeconomic policy and strategy</b>				
1. Tactical Assistance to advance the GoS macroeconomic strategy	Design and conduct policy-focused studies and policy briefs that will help the new government formulate and plan business growth-focused economic reforms.	Feb – September 2012	Economic Growth Model	BEP grantee FREN has provided the results of the conducted survey of shadow economy across the sectors and geographic areas with key findings. FREN will complete the first draft of the study at the end of December 2012.
	Conduct outreach on priority macroeconomic issues of the new government through various mechanisms including workshops, roundtables, and Policy Café	2012	Conferences, Debates,	FREN also held a press conference for the new issue of its economic

Component 2: Macroeconomic Policy and Public Financial Management				
Task	Activities	Activity Period	Deliverables	Status
	submissions.		Roundtables	quarterly QM issue no. 30 for which BEP financed 1) the update of the macroeconomic dataset which is made available on FREN's site and Policy Café portal; and 2) three articles of which two are in the area of macroeconomic issues: - PPP financing options in Serbia; -Protection of minority shareholders rights in Serbia.
	Complete the analysis of national savings patterns and promote reforms supporting increased domestic savings rates.	March – October 2012	Savings Study Outreach	The initial draft of the study of national savings is ready and is currently being reviewed by BEP with the grantee. In the next quarter, BEP will host an event with the grantee to publicize the results of the study.
<b>Communications and Outreach Activities</b>				
Support to the Fiscal Council on outreach and communication strategy		End of 2012		BEP continued to assist the Fiscal Council with fiscal analyses. Fiscal Council organized a press conference on Draft Budget Law for 2013 and Fiscal Strategy that led to considerable debate in the public, among experts, and in the Parliament.

Support to the Public Debt Administration on outreach	All year		BEP organized a roundtable on "Institutional Demand For Government Securities: Constraints and Opportunities" in December with a grantee, Economics Institute.
Press and media events associated with the results of select studies (Savings, Shadow, Performance indicators, ...)	All year		C2 is seeking to host a technical briefing for members of the Parliamentary Finance Committee in November. This will be part of a series. The first topic is TBD.

Component 3: Financial Market Development				
Task	Activities	Activity Period	Documentary Deliverables	Status
<b>Objective 1: Increase capital available to businesses through creation of a regulatory framework for NBFIS</b>				
1. Assistance in implementation of the new Capital Markets Law	Technical assistance and outreach support to the Securities Commission (SC), MoF, other securities industry stakeholders, including journalists trainings/briefings, to promote acceptance of the new legislation and its impact on market development	February – December	Conference material Media material Ongoing advisory notes Training materials	Completed. 212 participants took part at the Conference organized on April 11. The aim of the Conference organized by BEP and the SC was to promote new regulations (the Capital Market Law and bylaws, the Company Law and the Takeover Law). The conference was qualified in the FIC White Book as successful and highly important.  Relevant materials from the Conference, law and bylaws are published on <a href="http://www.sec.gov.rs">www.sec.gov.rs</a> and <a href="http://www.policycafe.rs">www.policycafe.rs</a> . BEP translation of the Capital Market Law, which is important for foreign investors, is available on SC, BEP and BSE web page.
	Technical assistance to develop remaining bylaws, regulatory directives and guidelines (e.g. capital requirements, credit rating services, regulatory instructions, etc.) to implement the new Capital Market Law	January - July	Outlines of bylaws drafted Legal drafts	Ongoing. Currently waiting for the SC to finish reviewing the draft of the bylaws related to the capital adequacy of investment firms, to



Component 3: Financial Market Development				
Task	Activities	Activity Period	Documentary Deliverables	Status
				organize public discussion.  Already completed - The bylaws related to the transparency and disclosure, and bylaws regarding the Official Register of Information were finished and adopted at the beginning of 2012. This is in addition to the 17 capital markets bylaws (related to the Prospectus, investment firms, Investors Protection Fund and market abuse) that were drafted, confirmed by the MoF and adopted by the SC in 2011.
	Staff training and capacity building for the SC to implement the new Capital Market Law.	February – April	Training materials Advisory notes	Completed. The SC participated in the US Securities and Exchange Commission Annual International Institute for Securities Market Development in Washington DC in April with around 180 senior securities officials from over 70 countries. BEP has reached a cost-sharing agreement with the SC. As a result of the study tour, the SC team will (1) take proactive role in financial market development, (2) improve supervision by starting work on implementation of risk based supervision approach and (3) deliver training for their colleagues based on the knowledge acquired throughout the study tour.
2. Assistance in development and implementation of other capital market-related laws	Assistance to the SC and MoF on preparation for other legal drafts, including consultations with industry as may be needed.	October - December	Outlines of bylaws drafted Legal drafts Roundtables	Completed. As part of the effort to improve other capital market related laws, BEP completed work on transposition table, an official table of Takeover Law compliance with EU Directives. BEP provided recommendations and comments to the MoF for the law improvements. BEP and MoFE will use the work done to

Component 3: Financial Market Development				
Task	Activities	Activity Period	Documentary Deliverables	Status
				prepare amendments of all capital market related laws aiming to improve regulation, as well as compliance with EU Directives. It will also be a starting point in developing new Investment Fund Law.
3. Assistance for the development of a legal framework and strengthened enabling environment for a commodity exchange	Participation and technical support to the MoTA working group in drafting Commodity Exchange Law and resolving various technical and regulatory issues.	January - May	Draft Commodity Exchange Law	Ongoing. After the new Law on Ministries, the work was transferred to the Ministry of External and Internal Trade and Telecommunication. The Ministry is in the process of establishing a new working group with the goal to finalize the law. Finalizing the Commodity Law is in GoS Action Plan for 2013 as priority. Already completed - The first draft of the law is prepared. The second round of the review, that includes all relevant stakeholders, will be organized after the new working group is established.
	Facilitate outreach and public-private dialogue that will help to foster market support for having a national commodity exchange and commodity risk management products.	January - December	Roundtable conclusions Media materials <i>Produktna berza</i> and PolicyCafe website content	Ongoing. Relevant materials, researches and policy notes are regularly published on <a href="http://www.policycafe.rs">www.policycafe.rs</a>  Already completed - Roundtable with the stakeholders and businesses organized at the end of January in Belgrade.
	Training and capacity building to the MoTA, SC, and other stakeholders on commodity exchange supervision.	November 2012 – April 2013	As defined by the law	Activity scheduled for the first quarter of 2013.
	Other technical and operational assistance to integrate and harmonize commodity exchange regulation into overall capital market regulation, and assistance to develop market for commodities.	November 2012 – March 2013	Advisory notes Outlines of policies and procedures drafted	Activity scheduled for 2013. It will be done in parallel with the amending capital market related laws and Commodity Reserves Law.

Component 3: Financial Market Development				
Task	Activities	Activity Period	Documentary Deliverables	Status
<b>Objective 2: Strengthen integrity of the capital markets by helping the GoS to assist equity issuers and brokers to comply with securities laws</b>				
1. Assistance to build capacity of the Securities Exchange Commission in brokerage and investment fund supervision	Training series and organizational development support to the SC and industry to strengthen implementation of the new law and adoption of international practices	April - October	Training materials Advisory notes	Ongoing. Additional trainings are scheduled as a part of establishing new SC's IT.  Already completed – Two-day training on supervision held in the SC at the beginning of March. BEP did a small-scale review of the SC's capacity to implement the new law.
<b>Objective 3: Improve GoS access to finance through development of a long-term, liquid public debt market</b>				
1. Assistance to identify and develop the key regulatory criteria for developing a government debt market	Assessment of institutional investor needs and demand-side constraints to achieving a more diversified issuance of government debt. Technical assistance priorities on the supply-side will fall under the support to PDA by Component 2. However, Component 3 will provide technical support on the demand side.	September -November	Baseline assessment of the institutional investors needs	Ongoing. The PDA and BEP are defining further steps to achieve a more diversified issuance of government debt.  Already completed - The BEP and Economic Institute organized a roundtable debate devoted to government bonds from the demand side perspective. Materials are posted on the web.
<b>Objective 4: Strengthen public-private dialogue on the financial sector and its role in economic development</b>				
1. Facilitation of increased debate and analysis of the financial sector	Outreach campaign to stimulate public-private dialogue on how to strengthen the contribution of the financial sector to economic growth. (This campaign would also emphasize reforms to improve capital formation and national savings that would follow from the savings study).	Ongoing	Media materials; journalist training; roundtable conclusions	Ongoing. Currently working on public outreach for access to finance for SMEs, including webpage, work with journalists and bloggers. In addition to that, BEP will start public outreach on demand-side constraints to achieve a more diversified issuance of government debt.  Already completed - BEP organized high-level conference with the SC in April. BEP contributed to the panel "New Financial Serbian Architecture for Stimulating the Real Sector" on Vivaldi Forum in May. In October, BEP

Component 3: Financial Market Development				
Task	Activities	Activity Period	Documentary Deliverables	Status
				supported "Food for Europe" Conference and designed and participated panel "Financing SMEs in agribusiness: solutions". Additional materials, policy notes, researches, etc. are regularly published on <a href="http://www.policycafe.rs">www.policycafe.rs</a> .
2. Facilitation of increased debate of access to finance	Outreach campaign to stimulate public-private dialogue on access to finance.	Ongoing	Media materials; Roundtables conclusions	<p>Ongoing. BEP has an ongoing campaign to stimulate public-private dialogue on access to finance that includes wide scope of media coverage.</p> <p>Already completed - BEP and the grantee developed details of the outreach campaign. Two events related to access to finance were held. One was in October, announced on the European Commission official Enterprise and Industry webpage, under the European SME week (<a href="http://ec.europa.eu/enterprise">ec.europa.eu/enterprise</a>). The second event, dedicated to the White Paper of Recommendations for improving access to finance was held in November.</p> <p>In additions, materials, policy notes, researches, etc. related to access to finance are regularly published on <a href="http://www.policycafe.rs">www.policycafe.rs</a>. There is a separate web page on access to finance for SMEs <a href="http://www.konkretno.rs/preduzimljivo/index.php">http://www.konkretno.rs/preduzimljivo/index.php</a></p>
<b>Objective 5: Strengthen disclosure and transparency supporting new investment by assisting the GoS to implement required accounting, audit and disclosure standards</b>				
1. Improve the quality, timeliness, and access of company information	Assistance with the implementation of disclosure regulations that were drafted and adopted with USAID BEP help in Year 1. This will include some assistance to establish an Official Register of Information to make disclosure more efficient.	April - October	Report on disclosure and Official Register of Information	<p>Ongoing. The grant for the SC IT system, that will allow full implementation of disclosure regulations, is in the phase of vendor selection.</p> <p>Already completed - Assessment of the technical capacities and procedures of the SC</p>

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Task	Activities	Activity Period	Documentary Deliverables	Status
				to establish an Official Register of Information and implement new regulations. Action plan to establish an Official Register of Information and implement new regulations throughout new IT system and procedures. Requests for proposals for IT system are received.
<b>Objective 6: Improving access to finance for small and medium enterprises and entrepreneurs</b>				
1. Improving the enabling environment for SME access to finance	Finalize the access to finance market assessment, develop viable recommendations for comprehensive improvements, and communicate the findings to key government stakeholders	January - March	White paper Media materials	Completed. A White Paper on Access to Finance for SMEs, that includes all findings and recommendations for improving access to finance, is published, presented and distributed.  BEP organized a special roundtable focused on access to finance for women in business in May. Before that, BEP conducted 6 roundtables in different regions of Serbia. BEP finished numerous researches on access to finance, including two annual business survey on access to finance with more than 2000 firms, in-house research on donors' credit lines and state funds, banking regulations, valuation of collateral, etc.
	Assist relevant ministries in developing an action plans for improving access to finance based on the findings of USAID BEP's market assessment.	April - December	Advisory notes Draft action plan	Ongoing. MoFE and BEP are closely working on developing an action plan for improving access to finance based on the findings of BEP's market assessment and recommendations. The action plan will be used for both MoFE's and BEP's work plan for 2013.
	Technical assistance for implementing action plan and recommendations based on the findings of USAID BEP's market assessment and accepted by the new government.	May - December	Advisory notes	Ongoing. BEP started implementation of certain recommendations from the White Paper, like improving asset valuation, leasing regulation, finalizing factoring law, etc.

Component 3: Financial Market Development				
Task	Activities	Activity Period	Documentary Deliverables	Status
	Assistance to help business associations improve outreach and public-private dialogue on access to finance issues.	July - December	Media publications  Roundtable conclusions and recommendations	Ongoing. BEP is working with business associations to improve outreach and public-private dialogue on access to finance issues.  Already completed – BEP and business associations disseminated the White Paper on access to finance. In October BEP and SCC organized a public discussion between financial sector and business sector.
	Assist the MoERD in developing a framework for data collection and analysis on SME finance.	March - December	Report on developed framework for data collection	Ongoing. MoFE and BEP started working on developing action plan for 2013. Data collection is one of the priorities.
	Advocacy and outreach campaign to promote the development of a proper legal framework for NBF credit institutions.	August - December	Presentations advocacy PR activities media materials	Ongoing. BEP agreed with MoFE to have internal briefing for the MoFE on the role of NBFs. In addition to that, BEP is preparing a workshop on NBFs for broader group of stakeholders.
	Support to the NBS and MoF on the development of legislation supporting access to finance	March - December	Advisory notes Legal drafts Outlines of bylaws drafted	Ongoing. Currently supporting the MoFE to finalize the Factoring Law. BEP works with the NBS on improving appraising of collateral, as an important factor in access to finance. The roundtable of all relevant stakeholders is scheduled for January 2013.  Already completed – In May BEP and MoF organized a very efficient and successful public discussion on the Factoring Law. BEP organized the roundtable for more than 40 stakeholders, including Factors Chain International. BEP participated and supported two more roundtables on the Factoring Law, one with the factoring industry, the other with



**Component 3: Financial Market Development**

Task	Activities	Activity Period	Documentary Deliverables	Status
				<p>the users of factoring. BEP supported MoFE to prepare analysis for regulatory impact assessment. The final draft of the Factoring Law is prepared and is in the formal process of adopting.</p> <p>BEP provided technical assistance in developing a Late Payment Law. The Project provided written comments on the draft law and recommended improvements in line with best international practices regarding combating late payment in commercial transactions. We actively participated in the working group. The Law on Late Payment was adopted in December, 2013.</p> <p>The report, "Strategies to enhance the credibility &amp; reliability of real estate valuations in Serbia," was presented to representatives of the NBS's Financial System Stability Department and the Bank Supervision Department, as well as the representatives of the National Mortgage Insurance Corporation during a two-day workshop. The participants discussed the key findings and recommendations of the report, as well as the next steps and feasible solutions to adjust the evaluation procedures and standards in Serbia to international standards.</p>

Communications and Outreach Activities			
Outreach on access to finance	January to December 2012	Presentations advocacy PR activities media materials	<p>Ongoing. BEP has an ongoing campaign to stimulate public-private dialogue on access to finance that includes wide scope of media coverage.</p> <p>Already completed – PR activities related to the Factoring Law and access to finance. Access to finance roundtables, especially access to finance for women in business attracted huge media attention. BEP developed details of the outreach campaign, briefed the journalist and bloggers, set up a webpage, etc. Relevant materials are constantly uploaded on <a href="http://www.policycafe.rs">www.policycafe.rs</a> and <a href="http://www.konkretno.rs/preduzimljivo/index.php">http://www.konkretno.rs/preduzimljivo/index.php</a></p>
Outreach on capital markets	January to December 2012	Presentations advocacy PR activities media materials	<p>Completed. The conference with the SC on April 11, 2012 was a great success according to the market participants and FIC White Book. BEP supported two researches: “Corporate bonds market in Serbia” and “Protection of minority shareholders’ rights: legal framework and implementation”. The studies are published in Quarterly Monitor and presented to the public. Relevant materials are constantly uploaded on <a href="http://www.policycafe.rs">www.policycafe.rs</a>.</p>
Outreach on commodities exchanges	January to December 2012	Presentations advocacy PR activities media materials	<p>Ongoing. Relevant materials, researches and policy notes are regularly published on <a href="http://www.policycafe.rs">www.policycafe.rs</a></p> <p>Already completed - Roundtable with the stakeholders and businesses organized at the end of January in Belgrade.</p>



## ATTACHMENT 4: PROGRESS VERSUS PERFORMANCE MONITORING PLAN

Project Results / Objectives	Indicators	Measurement Unit	Data Collection Method	Schedule of Collection	Baseline	Targets Years 1-5	Status Q4
<b>Mission Assistance Objective: Create A More Competitive Market Economy</b>							
<b>IR 1.1: Business Enabling Environment Improved</b>	Decrease in the "Burden of Government Regulations" addressing Government Inefficiency	Numeric Value	WEF GCI Reports	Annual	2011: 2.34	Yr 1: 2.34 Yr 2: 2.34 Yr 3: 2.44 Yr 4: 2.57 Yr 5 : 2.71	2.4 by the new WEF GCI published in September 2012
<b>Sub-IR 1.1.1: More Effective Business Regulation</b>	Decrease in costs for businesses to comply with regulatory framework	Numeric Value	Standard Cost Modeling (SCM)	Annual	2011 Total Administrative Cost: RSD 124.6 billion (4.2% of GDP)	Yr3: Total Administrative cost decreased by RSD 4 billion plus inflation (3.2% reduction) Yr5: Total Administrative burden decreased cumulatively by RSD 10 billion plus inflation (8% reduction plus inflation)	None. New data due with a new SCM. Scheduled for year 3.
<b>IR 1.4: Macroeconomic Environment Improved</b>	Increase in Foreign Direct Investment	Numeric Value	National Bank of Serbia (NBS)	Annual	2010: 3.07% GDP	Yr1: FDI at 3.3% of GDP Yr2: FDI at 3.3% of GDP Yr3: FDI at 4% of GDP Yr4: FDI at 5% of GDP Yr 5: FDI at 6% of GDP	Net FDI / GDP for 2011 = 5.8% MoFE Bilten, March 2012

<b>Sub-IR 1.4.1: Improved Fiscal Policy</b>	Improvements in the Open Budget Index ("OBI") Score as reported by the International Budget Partnership	Numeric Value	OBI Survey	Bi-Annual	2010: 54	Yr 1: N/A Yr 2: N/A Yr 3: OBI score 54 Yr 4: N/A Yr 5: OBI score 57	None. Next OBI Survey results should be published in October 2012, but didn't come out yet.
	Improved Government Budget Balance as percentage of GDP	Numeric Value	MoF	Annual	2010: -4.4 % (actual fiscal deficit)	Yr1: -4.5% of GDP Yr2: -4.5% of GDP Yr3: -3.5% of GDP <sup>2</sup> Yr4: -1.9% of GDP Yr5: -1.0 % of GDP	By Macro Fiscal Dept. the actual 2011 Fiscal Deficit is at 5.0% of GDP (instead of first original 4.4% and second revised 4.7%);  2012 deficit is -6.7% of GDP
<b>Sub-IR 1.4.2: Financial Markets Developed</b>	Improved score in WEF GCI "Financial Market Development" (formerly 'Sophistication') The VIII WEF GCI Pillar	Numeric Value	WEF GCI reports	Annual	2011: 3.74	Yr1: 3.74 Yr2: 3.80 Yr3: 3.84 Yr4: 3.88 Yr5: 3.92	3.7 by the new WEF GCI published in September 2012 (WEF 2012/13)
	Credit to private sector as a percentage of GDP	Numeric Value	National Bank of Serbia (NBS)	Annual	2010: 40%	Yr 5: 60%	2011: 43.7 %  2012: 54%
	Number of person hours of training of journalists from publications that cover business	Numeric Value	Project Report	Annual	N/A	Yr 1: 400 Yr.2: 800 Yr 3: 800 Yr 4: 800 Yr 5: 400	Q1=400 Q2=520 Q3=40 <u>Q4=75</u> 1035
<b>Component 1: Business Regulation and Economic Governance Improved</b>							

<sup>2</sup> Projected deficits by Fiscal council for 2013, 2014, 2015

1. Improve and streamline business regulation lowering the costs to businesses and government from business regulations	Number of commercial laws and regulations simplified and implemented in accordance with international standards as a result of USG assistance	Numeric Value	Project Reports	Annual	2011: 3	2011: 3 2012: 10 2013: 10 2014: 10 2015: 10 2016: 3 <sup>3</sup>	Q1=6 Q2=14 Q3=21 Q4=1 ----- 42
	Average time spent by management on working with inspections	Numeric Value	Business Survey <sup>4</sup>	Annual	59 hours	Yr. 2: 58 Yr. 3: 55 Yr. 4: 50 Yr. 5: 45	Yr2: 34 hours
	Number of Professional Enforcement Officers trained, passed the exam, and ready to get appointed	Numeric Value	MoJ Data	Annual	N/A	Yr 2: 300	Q1=0 Q2=75 Q3=0 <u>Q4=46</u>  121
	Number of days to enforce a judgment	Numeric Value	World Bank Doing Business Report	Annual	2011: 635	Yr 3: 530 Yr 4: 475 Yr 5: 417	By WB DB Report published in October 2012 Serbian result is <b>635 days</b>
	Number of days dealing with constructions permits	Numeric Value	World Bank Doing Business Report	Annual	2011: 279	Yr 5: 220	By WB DB Report published in October 2012 Serbian result is <b>269 days</b>

<sup>3</sup> Project will end 3 months into the 2016 fiscal year.

<sup>4</sup> This refers to the annual USAID BEP Survey of Serbian Businesses.



	Business perception of the burden of laws and regulations improves	Qualitative	Business Survey	Annual	2011: 17% agree that there was improvement	Yr. 2: 18% Yr. 3: 20% Yr. 4: 24% Yr. 5: 28%	Yr2: 26% agree that there was improvement
	Significant progress of realization of new labor legislation recommended by the 2011 White Book by the Foreign Investors Council in Serbia	Qualitative	Foreign Investors Council in Serbia	Annual	N/A	Yr.2: 1 Yr 3: 2 Yr.4: 6 Yr 5: 6	No significant changes to the status of the recommendations in the White Book 2012
	Decrease in percentage of businesses responding that labor law has negative impact on business	Qualitative	Business Survey	Annual	2011: 75%	Yr. 3: 65% Yr. 5: 55%	Yr2: 66%
2.Business effectively partners with Government in developing and implementing regulatory reforms	Increase in business sector participation on laws improving regulatory environment	Qualitative	Business Survey	Annual	2011: 19% of businesses agree that there was improvement	Yr 2 : 21% Yr. 3: 25% Yr. 4: 28% Yr. 5: 32%	Yr2: 25%
	Number of public private dialogue mechanisms/ events on business regulation issues created by the project	Numeric Value	Project Reports	Annual	N/A	Yr1: 3 Yr2: 5 Yr3: 5 Yr4: 5 Yr5: 2	Q1=2 Q2=7 Q3=2 Q4=4 ----- 15

3. Improve and support the regulatory review process and RIA process	Number of substantial RIAs conducted by GoS	Numeric Value	Project Reports/ Office of Regulatory Reform Reports	Quarterly	2010: 8	Yr 1: 10 Yr 2: 15 Yr 3: 20 Yr 4: 25 Yr 5: 30	Q1=11 Q2=1 Q3=0 Q4=15 ----- 27
	Business perception of transparency and predictability increases	Qualitative	Business Survey	Annual	2010: 23% agree that transparency and predictability increased	Yr. 2: 25% Yr. 3: 28% Yr. 4: 32% Yr. 5: 35%	Yr2: 23.5%
5. Improve corporate governance standards, policies and regulations	Improvement in Doing Business Strength of Investor protection Index	Qualitative	World Bank Doing Business	Annual	2011: 5.3	2012: 5.3; 2013: 6; 2014: 6.5; 2015: 7	By WB DB Report published in October 2012 Serbia has a score of <b>5.3</b>
	Number of Commercial Court judges trained in implementation of the Company Law	Numeric Value	Project Reports	Quarterly	N/A	Yr 1: 20	Q1=0 Q2=31 Q3=13 Q4=0 ----- 44
6. Create enabling environment for PPPs	Number of training hours of representatives of public sector entities and private companies trained in PPP	Numeric Value	Project Reports	Annual	N/A	Yr.2.: 200 Yr 3.: 200	Q1=0 Q2=332.5 Q3=0 <u>Q4=1106</u>  1438.5

	Completion of regulatory framework (bylaws and methodologies) for PPP	Qualitative	Project records	Annual	Nonexistence of complete normative framework (bylaws and methodologies) for PPP	Yr2.: 0 Yr..3: Complete normative framework (bylaws and methodologies) for PPP (specifically 1-Methodological materials in the field of public-private partnerships and concessions; 2-Bylaw on public contracts registry; 3-Bylaw on Supervision over Implementation of Public Contracts	0
<b>Component 2: Macroeconomic Policy and Public Financial Management Enhanced</b>							
1. Improve GoS budgeting, fiscal policy analysis, and financial management efficiency	Improvement in the quality of Medium Term Budgeting and Prioritization	Qualitative	Project Reports	Annual	No effective budgeting framework is in place	Yr 1: Fiscal Strategy Report (FSR) contains estimates of potential GDP Yr2: FSR contains estimates of structural deficit Yr3: FSR contains estimates on tax expenditures Yr 4: Budgets among ministries better reflect their strategic priorities.	"Fiscal Strategy for 2013 with projections for 2014 and 2015" contains: estimates of potential GDP (Year 1 target) as well as estimates of cyclically adjusted fiscal balance (aka structurally adjusted deficit) (Year 2 target).
	PEFA Multi- Year Score perspective in fiscal planning , expenditure policy and budgeting	Qualitative	PEFA Assessment (due Nov 2013)	Annual/ Results published every 3 years	2010: Scored C	Yr 5: Score B	The 2013 PEFA Assessment scheduled for November 2013.
	PEFA Assessment Score on predictability in the availability of funds for government expenditures	Qualitative	PEFA Assessment (due Nov 2013)	Annual/ Results published every 3 years	2010: Scored C+	Yr 5: Score B	The 2013 PEFA Assessment scheduled for November 2013.
	Number of articles published in the area of fiscal policy	Numeric Value	Project Report	Monthly	N/A	Yr 1: 2 Yr 2: 3 Yr 3: 3	Q1=1 Q2=1 Q3=2

	containing research and analysis provided through BEP assistance that support changes in fiscal policy					Yr 4: 2 Yr 5: 2	Q4= 3 <b>total:7</b> ( FREN's " Institutional framework for issuance of corporate bonds in Serbia" and Fiscal Council's "Opinion on Fiscal Strategy for 2013 with Projections for 2014 and 2015", "Assessment of the Draft 2013 Budget Law") Fiscal Consolidation Measures 2012-2016" should be put into Q2 not in Q3 because it was published at the end of May. But Q3 should have added "Assessment of the 2012 Supplementary Budget and draft laws including fiscal effects".
	Number of activities related to macroeconomic and fiscal issues aimed at improving public-private dialogue <sup>5</sup>	Numeric Value	Project Report	Annual	N/A	Yr 1: 2 Yr 2: 3 Yr 3: 4 Yr 4: 4 Yr 5: 3	Q1=1 Q2 =2 Q3=0 Q4= 4 <b>total: 7</b> 1.National Budget Forum and promotion of "Citizen's Guide to the Budget"; 2."Increasing private domestic saving for Serbia's economic growth" round table; 3.Roundtable "Institutional demand for government securities: constraints and opportunities"; 4.FREN's QM presentation
2. Improve public debt management and conditions for Government	Value of dinar denominated debt	Numeric Value	PDA (Public Debt Administration)	Annual	2010: Value of dinar debt is 14% of total borrowing	Yr 5: Proportion of borrowing increases to 20%	Yr1: 14%  Yr2: 18.27% (on November 30, 2012)
	Government initiates a public	Qualitative	PDA (Public Debt Administration) ad	Annual	Baseline end of March 2011	Yr 5: Banks own 75% or less of government debt in dinars	On November 30 <sup>th</sup> , 2012, banks own

<sup>5</sup> The new indicator "Number of activities related to macroeconomic and fiscal issues aimed at improving public-private dialogue" replaces the indicator "Quality of public dialogue and debate on macroeconomic and fiscal issues." The new indicator is a more objective and attributable measurement of the project's work to achieve this Objective.

financing	issue of debt to more diversified investor base		hoc report		according to PDA: Banks own 87,1% on 31.03.2011		80.38 %.
	Operational status of debt management system and number of reports developed to manage debt risks and strategy	Numeric Value	PDA (Public Debt Administration) ad hoc report	Annual	N/A	Yr 1: 0 reports (system not functional); Yr 2: 2 reports( system operational); Yr 3: 6 reports; Yr 4: 8 reports; Yr 5: 10 reports.	PDA staff logged a problem per each of the only two reports available from the PDA's Debt Management System. PDA Director also instructed the Software Vendor via email on July 26 <sup>th</sup> 2012 to make changes to the Debt Stock report according to the Specification that was created by USAID BEP and delivered to the PDA in May 2012 but no changes have been made – possibly due to maintenance contract expiring in August. It is expected that these problems will be solved within 2 months after the new maintenance contract gets signed ( but the signing is uncertain due to disagreements between PDA and the Software Vendor and PDA's final decision is expected in January).
	Proportion of key PDA staff trained in debt management, economic and risk analysis	Numeric Value	Project records	Annual	N/A	Yr 1: 10% Yr 3: 50% Yr 5: 75%	None for this quarter.  Note that all trainings in 2012 have taken place in Q2, but in Q4 a new Scope of Work was approved and the trainings have begun on January 9, 2013.  35% . Up to now.
3. Improve macroeconomic policy and strategy	Improvements in WEF GCI on "Macroeconomic Environment" addressing Nation's Savings	Numeric value	WEF GCI reports	Annual	2011: 14.8	Yr 5: 18	16.1 by the new WEF GCI published in September 2012

	Rate, as % of GDP						
	Number of published studies and articles containing research and analysis provided through BEP assistance that support changes in macroeconomic policy	Numeric Value	Project Report	Annual	N/A	Yr1: 2 Yr2: 5 Yr3: 8 Yr4: 8 Yr5: 6	Q1=1 Q2=0 Q3=0 Q4= 2 FREN's QM articles "PPP financing options in Serbia" and "Protection of minority shareholders rights in Serbia"  <b>Total: 3</b>
	Awareness of Government's Economic Growth Strategy	Qualitative	Business Survey	Annual	2011: 20% of businesses agreed that they have some awareness and understanding of the strategy	Yr. 2: 20% Yr. 3: 25% Yr. 4: 30% Yr. 5: 35%	Yr2: 38%
	Number of person hours of training of GoS staff on macroeconomic policy and public financial management topics	Numeric Value	Project Reports	Annual	N/A	Yr1: 500 Yr2: 1000 Yr3: 1000 Yr4: 750 Yr5: 300	Q1=524 Q2=3310 Q3=50 Q4= 216 <b>Total: 4100</b>
<b>Component 3: Increased Financial Market Development</b>							
1.Increase capital available to business through the	Value of credit financed from NBFi's to businesses increases	Numeric	NBS Publications, Stock Market, and Securities Commission Reports	Annual	N/A Or TBD/calculated by C3	Yr.1: 0 Yr.2: 0 Yr.3: 5% Yr.4: 10% Yr.5: 10%	0



creation of a regulatory framework for NBFIs	Status of the legal and market framework for a commodities exchange	Qualitative	Project Report/MoF Report	Annual	Regulatory framework currently not in place	Yr 2: Commodities exchange law and regulatory framework established Yr 3 : Establishment of the commodities exchange	The first draft of the Commodity Exchange Law is developed. MoT took over the effort to set up new regulation. The Ministry is in a process of establishing formal working group to finalize the law.
2.Strengthen integrity of the capital markets by helping the GoS to build capacity to ensure equity issuers and brokers comply with securities laws	Number of intermediaries trained and advised about upcoming securities laws	Quantitative	Securities Commission and Project Report	Annual	Majority of intermediaries trained and advised	Yr 1 to Yr 4: Will depend on the speed of implementation of new law and agreement with Securities Commission and MoF  Yr5: 75% of intermediaries trained and advised on changes and benefits brought by new securities laws	Total (Y1+Q1+Q2)= <u>417</u>
3. Improve the GoS' access to finance through the development of long term, liquid debt public market	Value of dinar denominated debt	Numeric Value	Statistics Office	Annual	2010: Value of dinar debt is 14% of total borrowing	Yr 5: Proportion of borrowing increases to 20%	Yr 1: 14%  18.27% (on November 30, 2012)
	Government initiates a public issue of debt to more diversified investor base	Qualitative	PDA (Public Debt Administration) ad hoc report	Annual	Baseline end of March 2011: Banks own 87,1% of debt (3/31/11)	Yr 5: Banks own 75% or less of government debt in dinars	August 2012: 80.6%.  November: 80,38%
4. Strengthened	Increased awareness of the	Qualitative	Project Survey	Annual	Around 25% of businesses	Yr 5: 50% increase in awareness	Yr2: 83.9 %

public-private dialogue on the financial sector and its role in economic development	role of the financial sector in economic development		(a.k.a. USAID BEP Business Survey)		expressed a sort of an agreement that there is awareness		
5. Strengthen the disclosure and transparency supporting new investment by assisting the GoS to implement required accounting, audit and disclosure standards	Compliance with IOSCO standards in areas of securities intermediaries and equity issuance improves	Qualitative/ Numeric Value	Project and IOSCO Reports	Bi-Annual	50%	Yr 5: Compliance improves to 60% or better	New Capital Market Law Regulations is expected to raise compliance level above 60% . Next IOSCO assessment TBD.
6. Improved access to finance for SMEs	Improved access to finance	Qualitative	Business Survey	Annual	2011: 25% of businesses agree that access to finance has improved	Yr. 3: 30% Yr. 5: 35%	Yr2: 23.2%

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	Increase in average value of loan size and borrowing by SME's	Qualitative/ numeric	Project Survey (USAID BEP Business Survey	Annual	2011: 89,475 EUR <sup>6</sup>	Yr.2.: 0 % points increase from baseline Yr.3.: 10 % point increase Yr.4.: 15 % point increase Yr.5.: 20 % point increase	2012: 57,927 EUR
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<sup>6</sup> Baseline updated due to the error in the first Business Survey calculations

## ATTACHMENT 5: BEP GRANTS UPDATE

### BEP GRANTS UPDATE 31-December -12

Solicitation	Date of Issue	Project	Grantee	Amount USD	Amount RSD	Status
unsolicited proposal		Quarterly Monitor 24	FREN - Foundation for the Advancement of Economics	28,417	2,099,993	paid
unsolicited proposal		Business Leaders' Summit	SAM - Serbian Association of Managers	-	-	rejected
<b>TOTAL</b>				<b>28,417</b>	<b>2,099,993</b>	
RFA		Project	Grantee	Amount USD	Amount RSD	Status
RFA-2011-01	15-Jun-11	Business Survey	CeSID - Center for Free Elections and Democracy	18,502	1,401,600	paid
RFA-2011-01		Business Survey	GfK Belgrade	-	-	rejected
RFA-2011-01		Business Survey	Cromer Group	-	-	rejected
RFA-2011-02	15-Jul-11	Quasi Fiscal Charges	NALED - National Alliance for Local Economic Development	18,000	1,400,000	paid
RFA-2011-02		Quasi Fiscal Charges	BDO Business Advisory	-	-	rejected
RFA-2011-03	25-Jul-11	Econometric	FREN - Foundation for		2,828,300	paid

		Assistance	the Advancement of Economics	36,300		
RFA-2011-04	20-Sep-11	Construction Permits	MP and Associates	20,700	1,614,000	paid
RFA-2011-04		Construction Permits	ACES - Association of Consulting Engineers of Serbia	-	-	rejected
RFA-2011-04		Construction Permits	City of Novi Sad	-	-	rejected
RFA-2011-04		Construction Permits	EC Harris d.o.o	-	-	rejected
RFA-2011-05	30-Sep-11	Journalist Education	CLDS - Center for Liberal Democratic Studies	15,000	1,175,000	paid
RFA-2011-05		Journalist Education	BIG - Business Info Group d.o.o.	-	-	rejected
RFA-2011-05		Journalist Education	BIRN - Balkan Investigative Network in Serbia	-	-	rejected
RFA-2011-06	5-Oct-11	Private Domestic Savings	CLDS - Center for Liberal Democratic Studies	-	-	withdrawn
RFA-2011-07	12-Dec-11	Training of Judges on Company Law	Balkan Center for Regulatory Reform (BCRR)	21,000	1,675,000	paid (modification 1)
RFA-2011-06-R	27-Dec-11	Private Domestic Savings	-	23,000	1,850,000	No applications were submitted
RFA-2011-06-R2	16-Jan-12	Private Domestic Savings	Foundation for the Advancement of Economics (FREN)	-	-	rejected

RFA-2011-06-R2	16-Jan-12	Private Domestic Savings	BDO Business Advisory LLC	-	-	rejected
RFA-2011-06-R2	16-Jan-12	Private Domestic Savings	CLDS - Center for Liberal Democratic Studies	22,230	1,840,000	paid
RFA-2011-01-F	Follow-on	Business Survey Follow-up Data Analysis	CeSID - Center for Free Elections and Democracy	4,513	370,000	paid
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	BeoImpigra, Ltd.	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	AVENTo d.o.o	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	EDGE Ltd. Belgrade	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	BLUEWATERS YU d.o.o.	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the Forum on Capital Market in Serbia	Represent Communications	-	-	rejected
RFA-2012-01	14-Feb-12	Organization of the	Chapter 4	19,980	1,697,180	paid

		Forum on Capital Market in Serbia	Communications Consulting			
RFA-2012-02	28-March-12	Study and recommendations on policies to increase employment and workforce competitiveness	Center for Liberal – Democratic Studies	-	-	paid
RFA-2012-02	28-March-12	Study and recommendations on policies to increase employment and workforce competitiveness	Faculty of Economics, Finance and Administration, Singidunum University (FEFA)	-	-	rejected
RFA-2012-02	28-March-12	Study and recommendations on policies to increase employment and workforce competitiveness	Joksovic, Stojanovic & Partners Law Office	-	-	rejected
RFA-2012-02	28-March-12	Study and recommendations on policies to increase employment and workforce	Foundation for the Advancement of Economics (FREN)	-	-	rejected



		competitiveness				
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach Campaign	Bluewaters YU LLC	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Kovacic&Spaic	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Represent Communications		84,342	Contracted (modification 1)
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Chapter 4 Communications Consulting	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Executive Group d.o.o. Beograd	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	Conference Republic d.o.o.	-	-	rejected
RFA-2012-03	18-Apr-12	Project of Creating and Executing	Cromer Group Ltd.	-	-	rejected

		PR/Outreach				
RFA-2012-03	18-Apr-12	Project of Creating and Executing PR/Outreach	MC 2 Public Affairs (Milosevic Creative Communications)	-	-	rejected
RFA-2012-04	26-Apr-12	Strengthening Regulation, Management, and Effectiveness of State Aid in Economic Sphere	BDO Business Advisory LLC	4,600,000	47,998	Contracted (modification 1)
RFA-2012-04	26-Apr-12	Strengthening Regulation, Management, and Effectiveness of State Aid in Economic Sphere	CLDS	-	-	rejected
RFA-2012-05	11-May-12	Economic Policy Measures to Combat Shadow Economy and its Effects on Total Economic Growth in Serbia	BDO Business Advisory LLC	-	-	rejected
RFA-2012-05	11-May-12	Economic Policy Measures to Combat Shadow Economy and	Foundation for the Advancement of		79,830	Contracted (modification 1)

		its Effects on Total Economic Growth in Serbia	Economics (FREN)			
SSS-2012-01	6-Jul-12	2012 Business Survey in Serbia	CESID d.o.o.		25,825	contracted
RFA-2011-04-F/2012	3-Aug-12	Assessment of Constraints to Construction Permits in Serbia - follow on	MP and Associates		16,850	contracted
RFA-2012-06	4 September 2012	Internships in National Governmental Institutions in RS	Faculty of Economics, Finance and Administration, Singidunum University (FEFA)	-	-	rejected
RFA-2012-06	4 September 2012	Internships in National Governmental Institutions in RS	Consulting Company ConsulTeam Ltd. Belgrade	-	-	rejected
RFA-2012-06	4 September 2012	Internships in National Governmental	NIP Obrazovni informator d.o.o. (Educational	-	-	rejected

		Institutions in RS	Informer)			
RFA-2012-06	4 September 2012	Internships in National Governmental Institutions in RS	Adizes Business Consulting, d.o.o	-	-	rejected
RFA-2012-06	4 September 2012	Internships in National Governmental Institutions in RS	Belgrade Open School (BOS)		89,970	contracted
RFA-2012-06	4 September 2012	Internships in National Governmental Institutions in RS	Cromer Group LLC	-	-	rejected
RFP-2012-01	8 October 2012	Development of web-based inventory of spatial and urban planning documents	Team Net World Professional Services	-	-	rejected
RFP-2012-01	8 October 2012	Development of web-based inventory of spatial and urban planning documents	Omnicom Solutions d.o.o.	-	-	rejected
RFP-2012-02	19 November	Document Management System	PSTech d.o.o.		120,000	Grant Selection Committee Meeting TBD

	2012	and Public Register				
RFP-2012-02	19 November 2012	Document Management System and Public Register	TEAMNET World Professional Services		99,948	ditto
RFP-2012-02	19 November 2012	Document Management System and Public Register	SAGA d.o.o.		115,000	ditto
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Audit And Consulting Company "Deloitte", Ltd., Belgrade		29,920	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Singidunum University – Faculty of Economics, Finance and Administration		29,765	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the	Adizes South East Europe		28,890	Reply pending

		Republic of Serbia				
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Serbian Management Centre Ltd		29,810	Short-listed (invited for the presentation meeting)
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Fenix Human Resources Ltd.		29,855	Reply pending
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	CEFE Serbia		29,670	rejected
RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Center for Project Management - CPM		29,450	rejected

RFA-2012-07	21 November 2012	Management Training for Public Officers Working in Governmental Institutions in the Republic of Serbia	Cromer Group Ltd		29,560	Short-listed (invited for the presentation meeting)
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EXPRESSION OF INTEREST TITLE	APPLICANT	Amount RSD	Amount USD	Status	GSC Meeting
Economic Growth Model	Center for Liberal-Democratic Studies (CLDS)	0	0	Rejected	
Commodity Exchange at Agricultural Forum - Food for Europe	Economics Institute	389,640	5,000	PAID	9/26/2011
Economics Training for Students of Journalism	Association CIVILNET	0	0	Rejected	9/26/2011
Guide for preparation of the Plan of Reorganization (PR) in accordance with Bankruptcy Law	BDO Business Advisory	0	0	Rejected	9/26/2011
Guide for the preparation of the Prepackaged Plan of Reorganization (PPR) in accordance with Bankruptcy Law	BDO Business Advisory	0	0	Rejected	9/26/2011
Development of Corporate Bonds Market in Serbia	Chamber of Commerce and Industry of Serbia	0	0	Rejected	9/26/2011
Fiscal Rules as a Fiscal Responsibility Tool	Center for Liberal-Democratic Studies (CLDS)	0	0	Withdrawn	9/26/2011
MAT for Better Business Conditions	Economics Institute	810,600	10,300	PAID	11/4/2011
Belgrade Stock Exchange 10th International Conference	Belgrade Stock Exchange	300,000	3,800	PAID	11/4/2011
Public Administration Training to improve administrative capacity	Singidunum University - Faculty of Economics, Finance and Administration (FEFA)	0	0	Rejected	11/4/2011
Adjusting the Codex of Corporate Management of the SCCI with the new Company Law	Chamber of Commerce and Industry of Serbia	950,000	12,100	PAID	11/4/2011



Annual Seminar - Economic Potentials and Business Development Prospects	Belgrade Fund for Political Excellence (BFPE)	1,000,000	12,700	PAID	11/4/2011
Alumni Seminar - Improving Conditions for Doing Business in Serbia	Belgrade Fund for Political Excellence (BFPE)	1,100,000	14,000	PAID	11/4/2011
Including Serbia into the World Competitiveness Yearbook	Institute of Economic Sciences	0	0	Rejected	11/4/2011
Quarterly Monitor: Macroeconomic and Business Climate Issues of Serbian Economy	Foundation for the Advancement of Economics (FREN)	3,066,000	39,000	PAID	12/8/2011
Improving Competitiveness of Trade Companies	Serbian Association of Employers	0	0	Rejected	11/29/2011
Managers' Hours	Serbian Association of Managers	1,297,280	16,300	PAID	12/8/2011
Enforcement of the Law on Capital Markets	Center For Advanced Economic Studies	0	0	Rejected	12/8/2011
Export-Oriented Recovery	Center For Advanced Economic Studies	0	0	Rejected	1/12/2012
Practice of Corporate Finance in Serbia	Chamber of Commerce and Industry of Serbia	0	0	Rejected	12/8/2011
Reform of Financial System and Protection of Intellectual Property Rights in Serbia	ACADEMICA Center for Creative Economy Research	0	0	Rejected	1/12/2012
Supermarket	CEFE Serbia	0	0	Rejected	12/8/2011
Strengthening Communications Skills Training	Represent Communications	0	0	Rejected	12/8/2011
Towards business-friendly environment for development of creative industries in Serbia	Serbian Financial and Business Consultants (SFBC)	0	0	Rejected	1/12/2012
Policy Advocacy Activities	Association of Management Consultants of Serbia	0	0	Rejected	12/8/2011
Grey Book of Doing Business in Pancevo	City of Pancevo Economic Development Agency	0	0	Rejected	12/8/2011
Macroeconomic Analyses and Trends (MAT) - for Better Business Conditions (eight issues)	Economics Institute	2,400,000	28,015	Rejected	4/24/12

Round tables "For better Business Conditions"	Economics Institute	3,000,000	35,000	Paid (Modification1)	4/24/12
Practice of Corporate Finance in Serbia	Chamber of Commerce and Industry of Serbia	0	0	rejected	4/24/12
Citizens' Budget Guide	BIRN	2,420,000	28,131	contracted	4/24/12
"Quarterly Monitor: Institutional Challenges to Boosting Employment, Growth and Public Sector Efficiency in Serbia"	Foundation for the Advancement of Economics (FREN)	2,900,000	33,971	contracted (Modification 1)	4/24/12
Benchmarking 2016 – Comprehensive Monitoring of Doing Business Environment in the Republic of Serbia	NALED - National Alliance for Local Economic Development	5,422,950	63,525	Contracted (Modification 1)	4/24/12
Ask When! - Advocacy Campaign for Improving of Doing Business Environment in the Republic of Serbia	NALED - National Alliance for Local Economic Development	2,328,500	24,998	Contracted (Modification 1)	5/29/12
Steinberg Capital&Publishing&Production ltd	Grant for development of Financial Markets	0	0	rejected	4/24/12
Government - Business Dialogue	Bluewaters YU LLC	0	0	rejected	5/18/12
Developing Methodology for Improving Local Incentives to Support Local Economic Development and Improvement of Business Environment in Serbia	RARIS - Regional Development Agency Eastern Serbia	0	0	rejected	5/18/12
Internet Radio Station	The First Entrepreneur Association	0	0	rejected	6/14/12
Press Retreat and Financial Market Workshop	Chapter 4 Communications Consulting	0	0	rejected	6/29/12

Accelerated Development of the Leasing Industry in Serbia	Association of Leasing Companies "ALCS" Belgrade	3,000,000	32,545	rejected	6/29/12
Municipal bonds – A way to a sustainable local economic development	Bluewaters YU LLC	2,300,000	23,782	rejected	9/13/2012
Conference 100 Days of Government	American Chamber of Commerce in Serbia	1,812,500	19,215	rejected	9/13/2012
Conference: Improving Conditions for Doing Business in Serbia	Belgrade Fund for Political Excellence	1,627,460	18,000	rejected	9/13/2012
Strengthening the Voice of Managers	Serbian Association of Managers	2,375,000	25,986	rejected	9/13/2012
Development of regulatory frameworks and mechanisms of alternative financing for SMEs in Serbia	EDGE Ltd Beograd	2,000,000	21,886	rejected	9/13/2012
Innovated model banking services to Serbian legal entities and agriculture during process of society transition, sanitation of banking and finance sector and state recover after last world wide economy crises (2013-2025).	MEJA LTD, BELGRADE	3,000,000	33,700	rejected	10/11/2012
Annual Seminar (Module 2): Economic Potentials and Business Development Prospects in Serbia by 2020	Belgrade Fund for Political Excellence	2,176,070	24,500	rejected	10/11/2012
Improving competitiveness of Serbian economy through development of the system of Institutional Financial Restructuring (IFR Project)	Chamber of Commerce	2,535,075	28,233	rejected	10/11/2012
Strengthening the Voice of Managers	Serbian Association of Managers	1,150,000	12,960	approved	10/11/2012

Conference 100 Days of Government	American Chamber of Commerce in Serbia	1,874,300	21,343	contracted	10/11/2012
Policy Measures to Enhance Serbian Exports	Faculty of Economics, Finance and Administration, Singidunum University (FEFA)	3,530,000	39,831	rejected	10/11/2012
Monetary and Fiscal Model for the Government of Serbia, Supporting Tool in Monetary, Fiscal and Trade Policy Making	Belox Advisory Services Ltd.	11,500,000	131,034	pending	GSC mtg TBD
Better Treatment for More Investments in Serbia	OPTIMUS - Center for Good Governance	2,979,756	33,708	pending	ditto
Building Project Management Awareness in Government of Serbia	PMI Serbia Chapter	900,000	10,483	pending	ditto
Institutionalizing the Concept of Continuous Improvements within the Public Sector of the Republic of Serbia	Audit and Consulting Company "Deloitte", Ltd., Serbia	2,579,000	32,136	pending	ditto
Improve Macroeconomic Policy and Strategy - Impact of Cultural Heritage and Viticulture on Macroeconomic Development of Vojvodina and Republic of Serbia	Fruskogorski Vinogradi	3,000,000	34,945	pending	ditto
Preparing Serbia for Free Movement of Services	European Policy Centre	2,800,000	32,613	pending	ditto
Evaluation of Influence of the Project "Western Balkans Innovative Auto Region" on Macroeconomic Development of Sumadija Region	L&I Consulting	2,500,000	29,119	pending	ditto
Build Efficiently in Serbia Today (BEST- a Guide through Building Procedures)	Center for Architecture Belgrade	1,600,000	18,636	pending	ditto

Building Capacity of Government of Serbia (GoS) in Project Management, Communications Management and Leadership Area	4You doo Beograd	2,850,000	33,195	pending	ditto
Improve the Environment for Development and Institutionalization of Clusters in Serbia	Cluster House	3,000,000	34,943	pending	ditto
Bank Collaboration to Improve SME Access to Finance	Center for Advanced Economic Studies (CEVES)	2,500,000	29,119	pending	ditto
No name	Serbian Financial and Business Consultants –Creative Economy Group	2,780,000	32,380	pending	ditto
Impact Serbia	CEFE Serbia	2,841,000	32,965	pending	ditto
<b>TOTAL REQUESTED</b>		<b>97,480,111</b>	<b>\$ 1,114,367</b>		

**SUMMARY FOR 2012:**

<b>Total number of applications</b>	<b>36</b>
Rejected / postponed/ withdrawn	17
Paid / Contracted / Approved	6
Pending / under negotiations /open	13

## FINANCIAL STATUS OF CONTRACTED GRANTS

### RFAs 2011 and 2012

			RSD	USD	Status
Foundation for the Advancement of Economics - FREN	Quarterly Monitor 24	unsolicited proposal	2,099,993	28,417	Paid
CeSID	Business Survey	RFA-2011-01	1,401,600	18,502	Paid
CeSID	Business Survey Follow-up Data Analysis	RFA-2011-01-F	370,000	4,513	Paid
National Alliance for Local Economic Development - NALED	Assessment of Impact of Quasi-Fiscal Charges on Businesses in Serbia	RFA-2011-02	1,400,000	19,197	Paid
Foundation for the Advancement of Economics - FREN	Econometric Assistance	RFA-2011-03	2,828,300	37,870	Paid
MP and Associates	Assessment of Constraints to Construction Permits in Serbia	RFA-2011-04	1,614,000	20,550	Paid
Center for Liberal-Democratic Studies - CLDS	Project on Journalist Education on Economic and Business Environment Reforms	RFA-2011-05	1,175,000	14,290	Paid
Balkan Center for Regulatory Reform - BCRR	For Training of Commercial Court Judges on Implementation of the New Company Law	RFA-2011-07	1,675,000	20,630	Paid
Center for Liberal-Democratic Studies - CLDS	Study on Private Domestic Savings	RFA-2011-06-R2	1,840,000	22,230	Paid

Chapter 4 Communications Consulting	Organization of Capital Market Forum in Serbia	RFA-2012-01	1,697,180	19,980	Paid
Center for Liberal Democratic Studies	Policies to Increase Employment and Workforce Competitiveness	RFA-2012-02	2,987,000	34,052	Paid
Represent Communications	PR/Outreach Campaign	RFA-2012-03		84,342	2/4 paid
BDO	Strengthening Regulation, Management, and Effectiveness of State Aid in Economic Sphere	RFA-2012-04	4,600,000	47,998	1/3 paid
Foundation for the Advancement of Economics (FREN)	Economic Policy Measures to Combat Shadow Economy and its Effects on Total Economic Growth in Serbia	RFA-2012-05		79,830	2/4 paid
CESID d.o.o.	2012 Business Survey in Serbia	SSS-2012--01		25,825	Paid
MP and Associates	Assessment of Constraints to Construction Permits in Serbia - follow on	RFA-2011-04-F/2012		16,850	3/4paid
Belgrade Open School (BOS)	Better Public Administration through Internship Placements	RFA-2012-06		89,970	Contracted
<b>Subtotal</b>				<b>585,046</b>	

#### APS 2011 and 2012

			RSD	USD	Status
Economics Institute	Agricultural Forum "Food for Europe"	APS-2011-01-1	389,640	5,043	Paid



Economics Institute	MAT - for Better Business Conditions	APS-2011-01-2	820,000	9,965	Paid
Belgrade Stock Exchange - BELEX	Belgrade Stock Exchange 10th International Conference	APS-2011-01-3	300,000	3,872	Paid
Foundation for the Advancement of Economics - FREN	Quarterly Monitor 25-26-27 : Macroeconomic and Business Climate Issues of Serbian Economy	APS-2011-01-4	3,066,000	39,574	Paid
Belgrade Fund for Political Excellence - BFPE	Alumni Seminar - Improving Conditions of Doing Business in Serbia	APS-2011-01-5	1,100,000	13,805	Paid
Belgrade Fund for Political Excellence - BFPE	Annual Seminar - Economic Potentials and Business Development Prospects	APS-2011-01-6	1,000,000	12,018	Paid
Chamber of Commerce and Industry of Serbia	Adjusting the Codex of Corporate Governance of the CCIS with the New Company Law	APS-2011-01-7	1,270,000	15,370	Paid
Serbian Association of Managers - SAM	Managers' Hours	APS-2011-01-8	1,297,280	15,770	Paid
Economics Institute	Round tables -For better business conditions	APS-2012-01-3	2,959,208	32,199	Paid
National Alliance for Local Economic Development - NALED	Ask When! - Advocacy Campaign for Improving of Doing Business Environment in the Republic of Serbia	APS-2012-01-4	2,328,500	25,308	2/3 paid
Foundation for the Advancement of Economics - FREN	"Quarterly Monitor: Institutional Challenges to Boosting Employment, Growth and Public Sector Efficiency in Serbia"	APS-2012-01-2	2,648,319	28,328	1/2 paid

BIRN	Citizens' Budget Guide	APS-2012-01-5	2,513,906	27,682	2/4 paid
NALED - National Alliance for Local Economic Development	Benchmarking 2016 – Comprehensive Monitoring of Doing Business Environment in the Republic of Serbia	APS-2012-01-1	3,000,000	32,637	3/5 paid
American Chamber of Commerce in Serbia	“First Lap Time - 100 Days of Government” and Follow up	APS-2012-01-6		22,688	1/5 paid
<b>Subtotal</b>				<b>284,259</b>	
<b>TOTAL CONTRACTED</b>				<b>869,305</b>	